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FINANCIAL TIMES

No. 26,964 Saturday May 8 1976 **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pes.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Italy's death toll rises

With more than 270 bodies recovered in North-East Italian towns and villages, there were fears that the final death toll of Thursday night's earthquakes may pass 500.

In Rome, the Ministry of the Interior's first estimates put the numbers of homeless at 110,000. Worst hit was the mediaeval hill-top town of Gemona which was virtually wiped out, and where at least 100 people died.

More than 5,000 troops were air-lifted to the zone and the Italian Government set aside £600,000 for rescue work. Page 10

FitzGerald cools SAS row

Dr. Garret FitzGerald, the Irish Foreign Minister, said the prosecution of eight SAS men in Dublin had not affected Anglo-Irish co-operation against terrorism. But the number of British troops straying over the border was "alarmingly high." "How you find the terrorists but can't find your way on the map I don't know," he said on BBC television. Page 22

Dr. K. policies under fire

Dr. Henry Kissinger, returning to the U.S. from his two-week African tour, found the Republican Party's Right-wing in open revolt against his foreign policy following President Ford's four successive primary defeats by Mr. Ronald Reagan. Page 10

Stonehouse 'and the Premiership'

Mr. John Stonehouse visualised himself becoming leader of the Labour Party and possibly even Prime Minister, Canadian businessman Mr. Gerald Hastings, an old friend of the MP, said at the Old Bailey yesterday. Mrs. Sheila Buckley, Mr. Stonehouse's co-defendant, was again absent from court because of illness.

London sizzles

With record mid-day temperatures in the low 80s, London was one of the hottest spots in Europe yesterday, outshining Malta, Gibraltar and Central Spain.

Briefly . . .

Ronald McCartney, 22-year-old Belfast-born IRA man, was jailed for life at Winchester Crown Court for trying to murder three Southampton policemen.

Zambian troops fired on a Rhodesian launch carrying technicians which sailed into the Zambian side of Lake Kariba.

Tony Towers, of Sunderland, and Brian Greenhoff and Stuart Pearson of Manchester United, play for England for the first time in to-day's soccer match with Wales.

Real Madrid were banned from all European Football Union club (UEFA) competitions for one season because of incidents at a match against Bayern Munich.

French police expelled 150 students occupying the arts faculty of Nancy University and detained 50 for questioning.

Mr. Robert Relf, 51, became the first person to be jailed for contempt of court under Britain's race laws for refusing to remove a board advertising his Leamington Spa home for sale to "an English family only."

Alison Uttley, creator of the Little Grey Rabbit books, died aged 91.

Sra Maria Estela Peron, deposed Argentine President, is to be tried on charges of corruption.

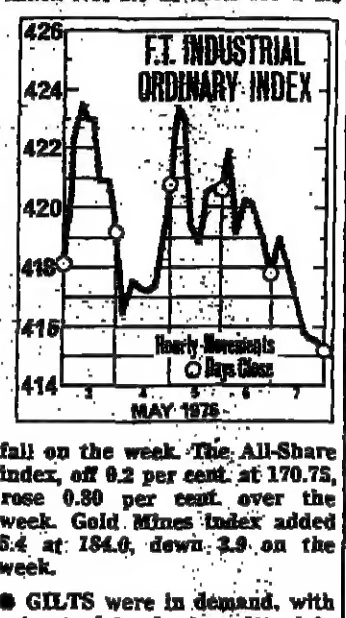
Policeman shot dead a bishop and a conductor in the Northern Philippines when he was told there was no room for him on a bus.

West German Lower House passed a Bill permitting abortions up to the third month of pregnancy.

BUSINESS

Equities ease 2.6 as gilts rise 0.25

● EQUITIES again failed to hold early gains, with rumours of an ICI rights issue unsettling the market. The FT 30-share index lost 2.6 at 415.2 for a 2.9 fall on the week. The All-Share index, off 0.2 per cent. at 170.75, rose 0.80 per cent. over the week. Gold Mines index added 5.4 at 184.0, down 3.9 on the week.



● GILTS were in demand, with gains to ⅛ in shorts and to ¼ in longs. Government Securities index rose 0.25 to 63.07 for a gain on the week of 0.91.

● GOLD gained $1 at $128¼.

● STERLING was unchanged at $1.8235, while its weighted depreciation narrowed to 37.7 (37.8) per cent. Dollar's was 1.96 (1.93) per cent.

● TREASURY BILL rate fell 0.0231 per cent. to 9.9201. Minimum Lending Rate, at 10½ per cent., was unchanged.

● WALL STREET closed 6.69 higher at 996.22.

● INTERNATIONAL TIN Council is raising the ceiling price of the International Tin Agreement by $M100 a picul immediately. Page 21

Bank's exchange control check

● FULL-SCALE CHECK on the nature of accounts held for customers is being carried out by one of the big banks as part of the exercise to tighten up supervision of the exchange control regulations. Back Page

● SKN will lodge an appeal if its DM330m. (£71½m.) plan to take a near-75 per cent. stake in the Sachs motor component concern is vetoed by the West German Cartel Office. Page 15

● I. J. DEWHIRST, Humberside clothing manufacturers, has set aside more than £14,000 in its latest accounts for directors' remunerations which cannot be paid until pay controls are relaxed. Back and Page 16

● ACCOUNTANCY profession has made a strong protest to Mrs. Shirley Williams, Prices Secretary, over the licensing provisions of the Consumer Credit Act. Page 19

● ENERGY DEPARTMENT has been approached by overseas fabricating companies interested in using British oil platform yards to build structures for the North Sea. Page 10

● NEW YORK Stock Exchange Board is expected next week to endorse the concept of competing specialists on the trading floor in a move that would make its methods of operation more closely resemble those of the London Stock Exchange. Page 21

● STOCK EXCHANGE made a profit in the year to March 24 of £631,000 compared with a deficit of £739,000 in the previous 12 months. After special provisions, the overall loss is £1.1m. against a comparable deficit of £1.9m. Page 22

● MALAYSIAN GOVERNMENT, which has acquired 52.3 per cent. of the voting rights in Perak River Hydro, is making a cash offer for the remaining Ordinary and Preference stakes. Page 17 and Lex.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

unding 5¼% 1978-80	£87¼	+ 1½
reasury 12½% 1993 A	£96½	+ ⅛
kroyd & Smithers	210	+ 8
lginate	230	+ 8
arlow Rand	230	+ 7
estobell	140	+ 5
rent Chemicals	94	+ 4
orn Exchange	127	+ 7
evelopment Secs.	310	+ 15
undonian	52	+ 9
errard & National	280	+ 12
uinness Peat	206	+ 7
eath (C. E.)	413xr	+ 16
eywood Williams	24	+ 4
owden (A.)	170	+ 7
amaica Sugar	21	+ 7
K Refrigeration	76	+ 6
erak River	440	+ 57
ritish-Borneo	135	+ 5
BP	678	+ 6
LASMO/SCOT	200	+ 5
Buffels	£10⅝	+ ⅜
Elsburg	142	+ 7
Hartebeest	£15¼	+ 1
Laurasia	50	+ 6
Randfontein	£17	+ 1½
Southern Kinta	80	+ 7
Southern Malaysian	190	+ 15
Sungei Besi	40	+ 4
West Rand	310	+ 20
Western Deep	£10½	+ ⅜

FALLS

Beaver	61	− 5
GKN	326	− 19
ICI	395	− 4
Ocean Wilsons	136	− 6
Pearson Longman	117	− 8
RCF	36	− 7
Whessoe	59	− 6
British Indian	120	− 30

£300m. trade deal agreed in principle with Brazil

BY LORNE BARLING and HUGH O'SHAUGHNESSY

Agreement in principle has been reached with Brazil on one of the biggest trade deals the U.K. has negotiated. It is expected to generate business worth about £300m. over the next few years and far more in the long term.

The signing took place on the last day of the State visit to Britain of President Geisel of Brazil, who returned to his country last night. During his visit, a wide range of negotiations have taken place covering steel, energy, railways and financing.

Although the contracts are at various stages of negotiation, companies concerned have expressed pleasure at the speed with which some work is expected to begin. It could, however, be up to two years before some agreements are concluded

One of the major elements in the package covers steel, which is regarded as particularly important because of Britain's imports of ore from Brazil.

Açominas, a new Brazilian steel company with a large public sector shareholding, signed a memorandum of understanding with Davy Ashmore International and Morgan Grenfell for the engineering, supply, construction and financing of an integrated iron and steelworks near Belo Horizonte

The total cost of the project is put at $1.8bn. and it is designed to produce 2m. tons of products a year by 1979. The British share of the work is estimated eventually to be worth $500m. of which goods worth $250m. will be exported.

The memorandum is seen in the City as a "recognisable first step" in the realisation of the Açominas plan.

But business sources emphasise that some major hurdles must be surmounted before it becomes a reality, adding that, despite its high priority its 1979 deadline may turn out to be somewhat optimistic.

The European consortium associated with the British concerns in the Açominas projects includes Paribas, Dresdner Bank, Credito Italiano, Alsthom, Ferrostaal and Italimpianti.

Euro-backing

The project has received the support of the Export Credits Guarantee Department. Much of the financing will be raised in the Eurodollar market.

Complementary to the steel project, the Brazilian Federal Railway Network, General Electric and N. M. Rothschild have signed a memorandum on the development of the country's "steel railway."

This consists of a main freight line with some limited passenger traffic, serving as a main transport artery for several major iron ore mines.

GEC said yesterday that the value of goods and services was about £115m., and that the work had been won against strong European competition. The company is also negotiating with Aços Villares, of Sao Paulo, to build up local capability to manufacture locomotives.

"The Brazilian Government attaches particular importance to the speedy completion of the 'steel railway,'" GEC added, and work was expected to start in about six months. Much of the sub-contracting work is expected to go to U.K. companies.

The overall financing includes an agreement between the Brazilian National Steel Council and Baring Brothers for a £50m. line of credit to finance the purchase of equipment.

Lloyds Bank International and Brazil's National Bank for Economic Development have also arranged a £20m. line of credit for the purchase of British capital goods and equipment for industrial projects.

Discussions also covered Brazil's need for equipment to develop its oil resources and the use of U.K. companies' North Sea experience. Redpath Dorman Long, the BSC subsidiary which will carry out much of the corporation's work there, has agreed to provide technology for the construction of platforms.

Other activities in which U.K. companies expressed their desire to co-operate included petro-chemicals, fertilisers and aluminium.

NATO worried over base as cod war hots up

BY MALCOLM RUTHERFORD

NATO IS becoming increasingly concerned about the escalation of the cod war between Britain and Iceland which reached a new level of intensity early yesterday.

There are fears that Iceland might react by turning against the U.S. base in Keflavik—regarded as almost irreplaceable because of its role in monitoring Soviet activities in northern skies and waters.

Although the Icelandic Government is pro-NATO, the base is the best bargaining card in its campaign to win outside support against British fishing in its self-proclaimed 200-mile limits.

The subject is likely to be discussed on the sidelines of the next NATO Foreign Ministers' meeting due to take place in Oslo on May 20-21. The meeting could provide an opportunity for talks between Mr. Anthony Crosland, the Foreign Secretary, and Mr. Augustsson, the Icelandic Foreign Minister, if he attends.

In London opinion is divided about the likely results of the latest incidents. One view is that there is now no possibility of a negotiated settlement and that full naval protection of the Briish trawlers will have to continue until the 200-mile limits become accepted under international law.

Another view is that the Icelanders are unpredictable and if the trawlers can keep up a relatively high catch, the Icelandic Government might again be persuaded to negotiate.

In yesterday morning's incidents—which took place shortly after the news that Britain was sending two more frigates to protect her trawlers—the Icelandic flagship Tyr was severely damaged.

Last night the frigate Gurkha and the gunboat Odinn were slightly damaged in another collision.

Although both sides yesterday registered the strongest protests, there is very little agreement about what happened. By daylight the situation was quiet as the Icelanders and the Royal Navy assessed the damage.

According to the Icelandic coast guard, one of the British frigates in the area sent a message to the trawlers on Thursday night saying: "You can start fishing again. We will protect you."

This is not denied by the British, and would have been a natural consequence of the announcement in the House of Commons on Thursday that the trawler fleet would be adequately protected.

The Icelanders allege that the frigates then went in for a series of deliberate ramming incidents and were even prepared to risk themselves being sunk.

According to the Ministry of Defence, however, it was the Icelanders who carried out "unprovoked and reckless harassment of the frigates and fishing fleet." The Navy, a spokesman said, had sought no aggression.

There were also conflicting reports about the extent of the damage, but even the Icelanders agreed that the Tyr had been badly hit and at one stage appeared in danger of capsizing. The vessel has now gone into port for inspection and repairs and could be out of action for several weeks.

Icelandic claims of severe damage to the frigates were denied by the British. None of them are yet being withdrawn, though it is admitted that the Mermaid has a small hole high in her bow.

The Icelandic diplomatic reaction came in the form of a note to the Foreign Office delivered through the Norwegian Embassy in London. It protested "in the strongest possible terms against the numerous violations of the international rules of navigation by British warships and tugboats."

The British protest was delivered through the French Embassy in Reykjavik, Iceland having broken off diplomatic relations with Britain in February.

Lira stages recovery, but £ fails to make ground

BY MICHAEL BLANDEN

THE Italian lira staged a further sharp recovery yesterday in the wake of the severe import and currency control measures introduced by the Italian Government, showing a gain of nearly 8 per cent. from its low points earlier this week.

At the same time, the pound ended the week with a steady performance in very quiet foreign exchange markets, but had failed to make up the ground lost ahead of the details of the new U.K. pay policy agreement.

Against the dollar, sterling was unchanged at $1.8235, while its effective depreciation from December, 1971, levels narrowed a little from 37.8 per cent. to 37.7 per cent.

At these levels, however, the pound is still showing a loss of 1.7 cents compared with a week ago, while its effective depreciation compares with a level of 36.9 per cent. on Friday last week.

Most of the setback was suffered early this week on Monday's news of the plan of South Wales miners to press for a £100 a week wage.

At the same time, there have been signs of a continued slight easing of interest rates in London money markets, with the Bank of England's minimum lending rate yesterday unchanged at 10½ per cent. after a modest reduction in the average rate on Treasury bills on which it is based.

After the sharp 1½ per cent. jump in MLR a fortnight ago, pressure on the U.K. has been slightly eased by last week's decision by Citibank in New York to cut its prime lending rate by ¼ per cent. to 6½ per cent.—though no other major U.S. banks have followed this lead and yesterday Citibank kept its prime rate at 6¾ per cent.

The Italian lira continued to rise sharply after the emergency import controls announced on Wednesday, and it was reported that the Bank of Italy had been buying dollars to slow down the recovery of the lira and rebuild depleted reserves. The bank was said to have bought some $50m. on Thursday and more yesterday, with the lira moving up from L879 to the dollar to L857½ yesterday.

This compared with a low point of L931½ to the dollar reached on Wednesday, and similar gains have been recorded against other currencies.

The Swiss franc, which has been strong through the week on general uncertainties about other currencies, lost a little ground yesterday at Sw.Frs.2.4770 to the dollar against Sw.Frs.2.4652½ on the previous day.

Antony Robinson cables from Rome: The latest measures have been accepted here as necessary to discourage essentially irrational pressures against the currency during the election period, although the Communist Party, in particular, has criticised the government for having delayed the measures far too long and having wasted reserves to defend the lira uselessly in the intervening period.

Protests, however, are starting to come in from abroad, where the West German Machinery Manufacturers' Association, for example, has expressed its concern at the likely effect on its exports to Italy, its second best customer. Its exports to Italy fell 18 per cent. last year to DM2.79bn. (£578m.) and it is particularly upset that the import

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A dilemma for the Europeans, Page 14

£ in New York

—	May 7	Previous
Spot	$1.8235-8245	$1.8245-8255
1 month	0.92-0.85 dis	1.15-1.05 dis
3 months	2.72-2.67 dis	2.95-2.80 dis
12 months	8.80-8.60 dis	8.90-8.70 dis

Unions pressed to back pay pact

By Alan Pike, Labour Staff

PRESSURE to win trade union acceptance for the second phase of the Government's incomes policy was maintained in a series of speeches from Ministers and TUC leaders yesterday and support for the policy came from the National Union of Seamen.

The seamens' conference at Sunderland defied expectations and, despite attacks on wage restraint during a debate which decided to go for substantial increases in seamen's wages, rejected a call for a return to free collective bargaining. Mr. Jim Slater, the general secretary, who voted for the new pay policy at the TUC General Council this week, told delegates they should support trade union leaders who regarded the situation as so grave that they were prepared to forgo traditional rights of the movement.

Representatives of 3,500 South Derbyshire miners also endorsed the policy yesterday, but the executive of the white-collar Association of Scientific, Technical and Managerial Staffs will propose rejection at the union's conference, which opens in Eastbourne to-day. Mr. Clive Jenkins, its general secretary, was one of the five General Council members who voted against the majority.

Advocates of the policy in speeches yesterday included Mr. Len Murray, TUC general secretary, and Mr. Jack Jones of the Transport Workers, for the TUC, and Mr. Anthony Wedgwood Benn, Energy Secretary, and Mr. Eric Varley, Industry Secretary, for the Government.

Mr. Wedgwood Benn, addressing the North-West miners' conference in Blackpool, said that the talks between Government and TUC which produced the new agreement had given the unions a key role in the development of economic, industrial and social strategy.

"This has greatly and permanently increased trade union influence in the formulation of public policy and, whatever Government is in power, that particular clock will never be able to be turned back," he said.

Mr. Murray, addressing the same conference of miners which on Thursday made a surprise decision to reject the newly-agreed pay policy, said the miners had no practical alternative, but to go along with the next phase of incomes strategy. He believed the wage increases of £2.50 to £4 would be overwhelmingly endorsed by the special TUC next month.

Conference report Page 15
Healey calls for investment Back Page

Conservatives gain 1,600 seats

Opposition calls for early election

BY PETER HENNESSY, LOBBY CORRESPONDENT

JUBILANT Conservative leaders yesterday renewed their call for an early General Election in the wake of sweeping Tory gains in the local government elections in England and Wales.

Mrs. Margaret Thatcher, Leader of the Opposition, declared that there had been "a decisive transfer of support from Labour to the Conservative Party at the local level on a scale sufficient to give us a good majority at a General Election."

She found it encouraging that that the party had gained in many districts from the Liberals. "The central battle of British politics is now between Conservative and Socialists," she said.

With net gains of nearly 1,700 seats, Conservatives claimed the result was more than double their expectations. But privately, Tory leaders continue to believe that Mr. James Callaghan will go to the polls only if forced to either by a series of by-election setbacks which erode Labour's strength in Parliament or by a severe economic crisis. Clearly the Prime Minister's resolve to soldier on for 2½ years if possible will not have been weakened by the results.

Prominent among Conservative gains were Birmingham, Leeds, Rochdale, Cardiff, Newport, Leicester, Darlington and Nottingham. Labour found consolation in Liverpool, where it replaced the Liberals as the largest single party. In Manchester, Labour held on to all its seats, and to its overall majority.

But Mr. Ron Hayward, Labour Party general secretary, attempted to diminish the significance of Labour losses in terms of national politics. Predictions, based on a local election turnout of about 35 per cent., that the Conservatives would win a Parliamentary majority of 100 seats were pure fantasy, he said.

The Liberals put a brave face on their net losses which exceeded 300 seats. Mr. John Pardoe, MP for North Cornwall, said the party was defending seats won in 1973, the Liberals's best-ever year in local elections, and losses were to be expected. In addition to Liverpool, the party lost effective control at Eastbourne and Bath

The results will have brought scant comfort to the Liberal leader, Mr. Jeremy Thorpe. His chances of re-election in the contest which is expected to follow the Liberal Assembly in the autumn can only have been diminished.

Especially worrying for Labour party managers were Plaid Cymru gains in former Labour strongholds in South Wales. Plaid gained Merthyr Tydfil where Labour's 40-year domination was ended by the Nationalists winning majority control. Should this swelling of Plaid support be repeated at a general election, Labour's chance of winning an overall majority at Westminster could be seriously affected.

Previously, Plaid's successes in general elections have been confined to a handful of seats in the rural areas of North and West Wales with the party making

Continued on Back Page
Table, Page 10

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The week in London and New York

Waiting for a lead

ONLOOKER

Ahead of the new national wage agreement, equities pushed up to a new 1976 high of 420.8 on Tuesday. But falls among FT-quoted stocks were running noticeably ahead of falls and dealing volume was nothing to get excited about. By the close last night the 30-Share index had eased back to 415.2 for a decline on the week—the first leg of the new account—of 2.9 points. In contrast gilts have hardened usefully over the past three days—despite the non-committal reaction of sterling to the new pay deal.

The agreement between the Government and the TUC has one broad message for the stock market—there is now a very good chance that inflation can be reduced to much more manageable proportions. Buyers of gilts are still treading a wary path between the outlook for inflation and the Government's future funding requirement. But even so the institutions are finding *current gilt yields attractive*, and the Government broker has been firmly back in action over the past two days.

Like hot gilts

The reverse yield gap—effectively *the margin that gilt* yields have over equities—has edged lower this week, a trend apparent since the middle of last month. But it is still far too wide for the insurance industry to have much faith in investment in Ordinary shares. The point was hammered home on Tuesday when the full accounts from the mighty Prudential showed the company to be a net seller of equities in 1975. In the context of a roaring bull market such a statistic may surprise some readers. But "streams of income" are what matter most to the insurance companies. And last year the Pru was not alone in channelling most of its investment money into gilts.

Against a background of dividend controls, it would take equities many years to manage anything like the current return on gilts with consols 2½ per cent. now yielding 8¼ points more than the 30-Share index. According to the latest CSO figures, insurance companies as a whole committed £1.6bn. to the gilt market in 1975 which was more than double the sector's gilt purchases for the aggregate of the three previous years. The Pru put £100m. into gilts in 1975, while the Norwich Union purchased some £50m. and spent exactly three-fifths of that sum on further purchases during the opening quarter of 1976.

Like the Pru, NU was also a net seller of equities last year. It acquired £12m. but sold £25m., about half of which was in dollar securities. For the *first quarter* of 1976 NU has disposed of a net £6.2m. of U.K. Ordinary shares.

Lonrho again

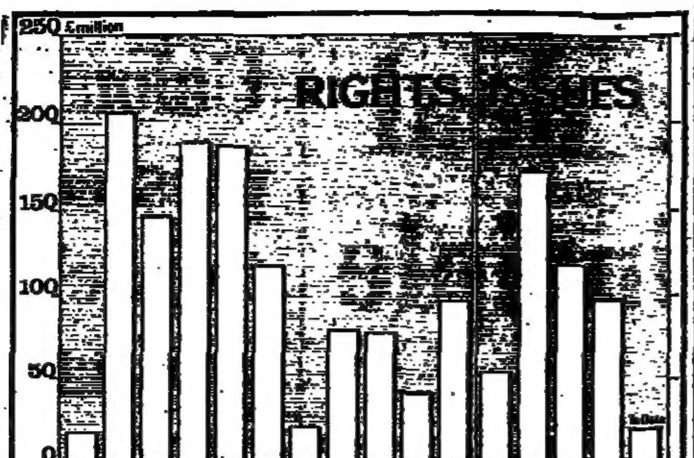
Lonrho's reputation for unpredictability will not have been tarnished by its purchase this week of a 4¼ per cent. stake in Combined English Stores for £880,000. Mr. Rowland and another director of Lonrho have installed themselves on the Board of CES, the result, apparently, of a "casual meeting" between Mr. Rowland and Mr. Murray Gordon, chairman of CES from whom the shares were purchased. Lonrho's previous forays into the U.K.—LAGS, Balfour Williamson and Charles Roberts — although mainly designed to ease the group's ACT problems, have centred on weak management or underutilised assets. CES, by contrast, has a reputation for entrepreneurial management. And the *price that Lonrho paid for its* holding—110p against a market price of 75p on the day and net asset value running at around 43p — suggests that either Lonrho's priorities have changed or that a full scale bid is not on the agenda.

CES say that the new link-up offers it the chance to draw on Lonrho's "commercial experience and finance" and two acquisitions in the U.S. menswear and fashion industry have already been arranged by *Lonrho. As for the latter*, the move emphasises once again Lonrho's hectic expansion. In its last financial year the number of Lonrho companies increased by 100 to 600, with a world-wide turnover of over £1½bn.; authorised capital doubled between two AGM's and despite a 70 per cent. jump in attributable profits for 1975-1976, earnings per share rose by less than a quarter.

Retailing margins

The retailing business has recently been facing some of the toughest trading conditions since the war—volume of sales between September and March being 4 per cent. down on a year earlier. But this week British Home Stores showed how it is still possible to achieve real expansion, while both Sainsbury and Mothercare removed recent doubts about their growth status. In BHS's case, the group managed to hold on to the gains in volume and market share achieved during the elimination of excess profits last summer so that during its second half sales rose by 23 per cent. compared with a national retailing average of 15 per cent. The group may also have been helped—relative, say, to Marks and Spencer—by its strong position in income groups where the earnings rise has been above average. Anyway, the result was a pre-tax increase for the year of nearly 18 per cent. to £21.9m.

However, both Sainsbury and *Mothercare* have been more affected by the recession with only small gains in volume in their second halves, mainly reflecting big increases in selling space from the autumn onwards. Sainsbury, for example, expanded its selling space by 16 per cent. last year, and Mothercare by 15 per cent. The key influence on profits has been the ability of both companies to hold margins as the impact of earlier cost increases has worked through, while Sainsbury has lifted its gross margin above the level of the end of 1974-75 with second-half profits 36¼ per cent. higher. If margins can be held in the current half, the impact of recent continuing physical expansion should maintain the profits momentum for both companies—hopes which have been reflected in strong share price performances this week.



TOP PERFORMING SECTOR IN FOUR WEEKS FROM APRIL 8	% change
Engineering (Heavy)	+8.8
Shipping	+8.7
Insurance Brokers	+8.6
Wines & Spirits	+7.4
Investment Trusts	+7.2
Oils	+7.0
All-Share Index	+3.2
THE WORST PERFORMERS	
Newspapers, Publishing	−1.2
Motors & Distributors	−1.3
Lt. Electronics, Radio & TV	−2.1
Contracting & Construction	−3.5
Insurance (Life)	−4.7
Hire Purchase	−5.0

Banking on . . .

This week has seen both the preliminary results from Bank of Ireland (along with an £11.6m. rights issue) and the start of the current year's interim reports with six-monthly figures from National and Commercial Banking. Both results show encouraging profits. At Bank of Ireland the pre-tax level rose by £7m. to £25m. and the dividend is lifted by nearly a quarter to 12¼p, while at N *and C interim profits are £9m.* higher at £28m. pre-tax and significantly there are no bad debt provisions this time after £10m. worth in the previous 12 months.

The next batch of figures from the sector will be the interim reports from the Big Four clearers in a couple of months' time, and pre-tax profits are likely to improve on the back of the continued wide margin between the base rate and seven-day money. But any profits advance *will* be limited until the demand for advances from industry revives, and this boils down to the time scale of the expected upturn in industrial activity, and the willingness of companies to gear up again by borrowing when trading conditions look better. It seems that this pick-up in demand for advances may be apparent by the fourth quarter of 1976 or possibly the first quarter of next year, but in the meantime banking profits in the U.K. will remain sluggish and the shares will probably continue on their historically high yields, ranging up to Midland's 6 per cent.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1976 High	1976 Low	
F.T. Ind. Ord. Index	415.2	−2.9	420.8	381.6	Overshadowed by Gilt-edged
Treasury 12¾% 1993 "A"	£96½	+1¾	£96½	£91½	Big demand for "tap" stock
Treasury 13¾% 1997 "A"	£103	+2¾	£103	£89½	Inflation predictions/yield cons.
ATV "A"	75	+7	80	64	Strong market sector
Ayer Hitam	240	+20	240	160	Record April tin output
Berkeley Hambro	136	+21	150	91	Bishopsgate leasehold prop. sale
Boddingtons Breweries	100	+10	100	74	Rights issue, encouraging statement
BP	678	+16	678	575	Currency hedging/U.S. influences
Clark and Fenn	72	+13	72	43	Trafalgar House bid terms
Davies and Newman	102	+10	102	87	Profits expansion
Gross Cash Registers	39	+8	42	30	Bid hopes: results due next Friday
Haden Carrier	115	−14	129	97	Results and statement disappoint
Heath (C.E.)	413xr	+53	413	264	Rights/div. forecast/profits jump
Jeavons (E.E.)	58	+16	58	36	Bid approach
Marshall (Thos.) Invs.	83	+10	86	53	Bid talks with Wm. Baird
Mothercare	204	+18	204	161	Good preliminary figures
P. and O. Defd.	107	+12	119	87	Satisfactory results
Porter Chadburn	55	+13	55	42	Profits above expectations
Sainsbury (J.)	137	+23	139	110	Good preliminary figures
Turner & Newall	157	−10	175	148	Comment on asbestos cancer risk

U.K. INDICES

Averages week to	May 7	April 30	April 23
FINANCIAL TIMES			
Govt. Secs.	62.52	61.68	62.21
Fixed Interest	62.08	61.01	61.77
Industl. Ord.	418.7	411.1	410.1
Gold Mines	185.6	188.4	167.7
Dealings mkd.	5,621	5,284	6,119
FT ACTUARIES			
Capital Gds.	158.92	156.61	157.54
Consumer (Durable)	139.03	136.95	139.03
Cons. (Non-Durable	158.13	153.58	153.85
Ind. Group	164.49	161.28	161.83
500-Share	182.44	179.00	178.92
Financial Gp.	137.71	135.95	139.13
All-Share	171.06	167.97	168.55
20-year Govt.	50.32	49.48	50.06
Red. Debs.	50.50	49.65	50.04

Uninspiring market

BY JAY PALMER NEW YORK, May 7.

TRADITION on Wall Street has it that the month of May is, more often than not, a dull and inauspicious period for share prices. However valid that belief historically, the market's performance over the past week has indeed been uninspiring in very lacklustre trading and low volume.

Some six or seven weeks ago, when the DJ Industrial Index *finally climbed back through the* mystic 1,000 barrier for the first time in some three years, the market's bulls were triumphantly predicting that the Index would soar through its all-time peak of 1,051 within a matter of weeks and finish the year at least above 1,250.

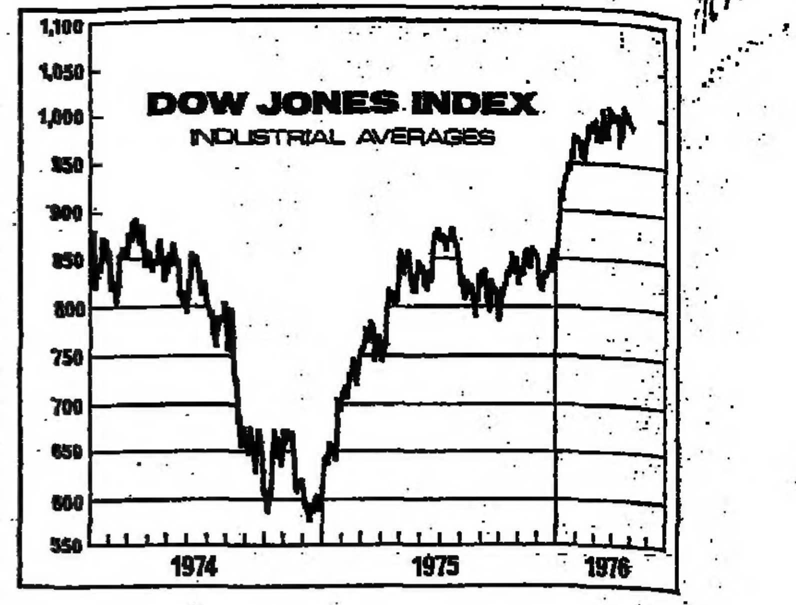
At the same time, though, perennial bears were gloomily anticipating that prices would rebound downwards in a major correction sparked off by the Dow Index hitting this barrier. Many saw the DJ falling to as low as 800 by June. As one can see now, both camps could hardly have been more wrong.

Given that Wall Street long ago discounted the strength of this election year economic upturn and the first and second quarter improvement in companies' earnings, it can hardly be called surprising that it has failed to continue to grow at its old speed in the absence of fresh impetus. That it held the already high 980-1,000 level at all in the face of renewed fears over inflation and more restrictive monetary policies (plus of course the Sterling and Lira crises) is in itself a bull point.

Certainly Wall Street's primary concern at the moment is that the economic recovery will restimulate inflation and that, following this the coming 12 months could see a round of bitter labour confrontations over wages. With interest rates now probably as low as they are going to get, signals that the Fed may have tightened its credit stance sent shivers through the market.

The impact was all the greater because of the recent steady slide in daily trading volume levels. With a few obvious outstanding exceptions when daily volume shot back up to its late 1975 levels of 25m. plus, the trend since late January has been down. Over the last few weeks, volume has stayed down around a *daily* average of 17m. where even modest selling or buying can spark off infectious speculation.

What basically this market adds up to is that investors, though very wary and cautious, have not been pulling money out. In the circumstances, it seems probable that the next few weeks will simply see the key indices continuing to move sideways with perhaps a few surges forward bringing ou some extra selling and som balancing slides drawing i more money. While hallowe traditions such a "a dull May" prove on average not to be ver accurate, this year looks lik following the rule.



	Close	Chang
Monday	990.32	−6.5
Tuesday	993.70	+3.4
Wednesday	986.46	−7.2
Thursday	989.53	+3.1
Friday	996.22	+6.7

Mining

Awaiting the hammer

BY MALCOLM DUMPHREYS

AT LONG LAST the *International Monetary Fund* has officially announced how it intends to start the disposal of the 25m. ounces of gold that it is to sell over the next four years to raise money for a new trust fund for developing nations.

The first auction, for some 780,000 ounces of gold and one of eight to be held over the next two years, will take place in Washington on June 2 and some 780,000 ounces of gold will be offered using the *common-price technique*. This means that the IMF sets the lowest acceptable bid level and charges that price to all those who bid above it. What that first acceptable bid level will be is of major importance to the future course of the metal price.

Significantly, the IMF's managing director, Dr. Johannes Witteveen, has said that the Bank of International Settlements is likely to be a bidder. This gives the opportunity for central banks to acquire some of the gold, if they so wish, from the BIS as the IMF will not sell directly to central banks.

Market price base

Another important point is that the sales will be based on a level in line with the then ruling free-market price of gold, meaning that the fund will not itself set a minimum price as had been feared. This means a probable "floor" price of around $120 per ounce for gold although the metal's current upward potential would appear to be limited to the region of $133. Any sharp downward movement seems unlikely as the metal has been trading within a narrow $127 to $129 band all this month and would presumably have fallen away before now if it were going to do so.

Now that the ground rules for the sales are known it should dispel some of the uncertainty which has been hanging over the gold price. Indeed, the metal gained $1 to $128.125 yesterday. Share prices of the South African producers of the metal also responded to the news by moving ahead, with the Gold Mines index adding 5.4 to 184.

Since the end of last year, the index has fallen by around 24 per cent. while bullion has declined only some 9 per cent. over the same period. The larger setback in gold shares reflects the Angolan and Rhodesian situations which eroded investors' confidence in South African based issues.

The Gold Mines index touched its year's low of 140.1 on April 5, so since then it has risen by around 27 per cent. The rally was mainly prompted by feelings that the "sell-off" was overdone and the recovery impetus given by the rise in the investment dollar premium. If sentiment remains bullish then gold shares could well go higher, especially those with uranium in their make up.

End of the road

The marginal producers such as Durban Deep and East Rand Proprietary have also been especially sought after although both would need a substantial increase in the bullion price before they became able to *stand on their own feet without* the support of State aid from the South African Government.

This week news has come that two of the veteran producers in the Barlow Rand group, City Deep and Crown Mines, are to lose their State aid with effect from October 1. This almost certainly means the end of the road for the mines, with the group's Consolidated Main Reef having already closed in August last year. The mines are beset by water problems, becoming flooded at their lower levels by water coming from adjacent properties which have ceased operations and where no further pumping is being done.

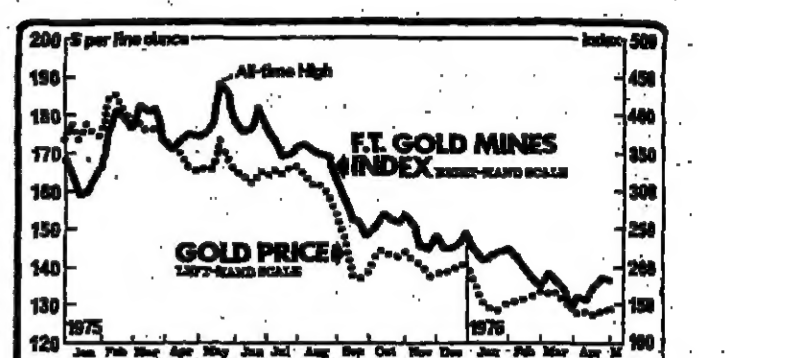
At the moment, it is not generally felt that the withdrawal of state aid to the Barlow Rand mines will have serious repercussions for other mines, except possibly East Daggafontein, as some of the money to be given out could be taken from the extra cash raised by the recent increase in the tax surcharge and loan levy which profitable mines pay to the Government.

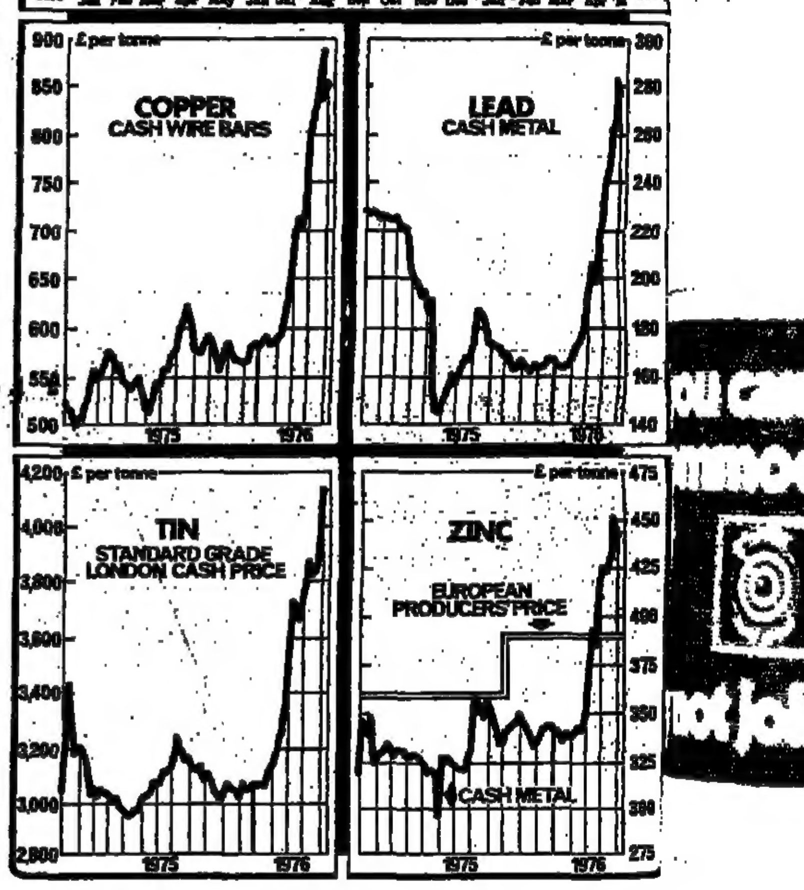
Reflecting the lower March quarter average gold price and thus working profits from the mines, total profits from South Africa's gold and uranium producers *in the quarter fell* to R260.45m. (£163.22m.) from R334.04m. in the past three months of 1975 and compared with R351.04m. for the first quarter of that year.

But the Republic's sales of gold seem to be holding up well with Reserve Bank figures just released indicating that in the week ended April 30, all of that week's newly mined output, around 14 tonnes, was sold on the free market in addition to a small quantity from reserves.

Turning to the other yellow metal, uranium, the shares of Australia's potential producers have all moved ahead th week. This has been under th lead of Pancontinental whi has discovered what is claim to be the world's largest sour of uranium at Jabiluka in th Northern Territory.

Pancontinental's shares ha gained £2 to £12¼ *following* statement by Australia's Min ter for Natural Resources, M Doug Anthony, that the co pany believes it can adjust equity situation to meet Fe eral requirements and that per cent. of any uranium proj be Australian held.





TV/Radio

BBC 1

† Indicates programme in black and white.

8.55 a.m. Ragtime. 9.10 Marine Boy. †9.35 Champion the Wonder Horse. 10.00 Picture Making. 10.25 On the Move. †10.35 "Zorro." 11.00 The Little House on the Prairie. †11.45 Charlie Chaplin in "The Tramp." 12.15 p.m. Bugs Bunny. 12.27 Weather.

12.30 Grandstand: Football Focus (12.40); Modern Pentathlon (1.05); Racing from Ayr (1.20, 1.50, 2.20); Olympic Basketball (1.35); Rugby League Cup Final (2.40) St. Helen's v. Widnes. 4.45 Final Score.

5.15 The Shari Lewis Show.
5.25 News.
5.35 Sport/Regional News.
5.40 Walt Disney's The Mouse Factory.
6.05 Dad's Army.
6.35 Saturday Night at the Movies: "Ten Thousand Bedrooms," starring Dean Martin.
8.25 The Black and White Minstrel Show.
9.10 Cannon.
10.00 News.
10.10 International Match of the Day: Wales v. England and Scotland v. Northern Ireland highlights.
11.40 Saturday Night at the Mill.

All Regions as BBC 1 except at the following times:—

Wales—9.35-10.00 a.m. Telliffant. 12.25 a.m. News and Weather for Wales.

Scotland—12.25 a.m. News Summary and Weather for Scotland.

Northern Ireland—5.35-5.40 p.m. Northern Ireland News. 12.25 a.m. News Headlines and Weather for Northern Ireland.

BBC 2

7.40 a.m. Open University.
3.00 p.m. The Saturday Western: "Gunpoint," starring Audie Murphy.
6.00 *Westminster.*
6.30 Open Door.
7.00 News and Sport.
7.10 Rugby League Cup Final: St. Helen's v. Widnes.
7.45 Rugby Special: The Middlesex Sevens.
8.15 Late Call.
9.10 A Country of Nations.
10.25 Second City Firsts.
10.55 Open Door.
11.35 News on 3.
†11.40 Midnight Movie: "The Thin Man Goes Home," starring William Powell and Myrna Loy.

LONDON

9.00 a.m. Old House—New Home. 9.25 The Big Booming Bicycle Show. 9.50 Return to the Planet of the Apes. 10.20 Fantastic Voyage. 10.45 Junior Police Five. 11.05 Run, Joe, Run! 11.35 Tandarra.
12.30 p.m. World of Sport: 12.35 On the Ball; 12.50 Inter*national Sports Special (part 1)*: Surfing Championship from Hawaii plus World Invitation Diving Championships from Florida; 1.10 News from ITN; 1.20 The ITV Seven 1.30, 2.00, 2.30 and 3.00 from Lingfield; 1.45, 2.15 and 2.45 from Ripon; 3.10 International *Sports Special (part 2)*: News of the World Darts Championship from Alexandra Palace, London; 4.00 Wrestling; 4.55 Results Service.
5.05 News from ITN.
5.15 The Woody Woodpecker Show.
5.45 Meet Peters and Lee.
6.15 *Island of Adventure.*
7.15 New Faces.
8.15 Thriller.
9.30 The Best of Upstairs, Downstairs.
10.30 News from ITN.
10.45 General Strike Report.
11.00 "Eight On The Run," starring Bob Hope and Phyllis Diller.
12.45 a.m. Homosexuality — To*wards a Christian View.*

All ITV Regions as London except at the following times:—

ANGLIA

9.50 a.m. Wake Up To Yoga. 10.15 Hammy Hamster's Adventures on the Riverbank. 10.30 Manfred. 10.45 Big Blue Marble. 11.10 Clapperboard. 11.35 Born Free. 5.15 p.m. Daniel Boone. 6.15 New Faces. 7.15 Meet Peters and Lee. 7.45 A Little Bit of Wisdom. 11.00 Discovery. 11.30 Wheeltappers and Shunters Social Club. 12.15 a.m. At The End Of The Day.

ATV MIDLANDS

9.15 a.m. Old House—New Home. 9.40 The Big Booming Bicycle Show. 10.10 Tiswas Live from Studio Three in ATVLand. 11.35 Count of Monte Cristo. 12.00 Castaways. 5.15 p.m. The Saturday Adventure Film: "Rhino." 6.45 Sale of the Century. 7.15 *Play It Again*. 8.15 New Faces. 9.15 Thriller. 11.00 Discovery. 11.30 Shaft.

BORDER

9.30 a.m. Old House—New Home. 10.00 The Big—Booming Bicycle Show. 10.25 Big Blue Marble. 10.50 Halas and Batchelor Cartoon. 11.05 Tarzan. 12.00 Wait Till Your Father Gets Home. 5.25 p.m. Space 1999. 6.15 New Faces. 7.15 Sale of the Century. †7.45 Saturday Film: "Conflict of Wings" starring John Gregson and Muriel Pavlow. 9.15 Thriller. 11.00 Discovery. 11.30 The Adventurer.

CHANNEL

5.15 p.m. Fantastic Voyage. 5.45 A Little Bit of Wisdom. 6.15 New Faces. 7.15 Sale of the Century. 7.45 The Saturday Film: "Death Drums Along the River." 9.15 Thriller. 11.00 Discovery. 11.30 TV *Movie: "A Little Game."*

GRAMPIAN

10.00 a.m. The Big Booming Bicycle Show. 10.30 U.N.C.L.E.: "The Helicopter Spies." 12.05 p.m. Sky. 5.15 Space 1999, followed by Highland League and Shinty Results. 6.10 New Faces. 7.10 Sale of the Century. 7.40 The Saturday Western: "Cattle Queen Of Montana" starring Barbara Stanwyck and Ronald Reagan. 9.15 *Thriller*. 11.00 *Discovery*. 11.30 Police Story 12.25 a.m. Evening Prayers.

GRANADA

9.15 a.m. Old House—New Home. 9.40 The Big Booming Bicycle Show. 10.05 The *New Adventures* of Superman. 10.25 Catch Kandy. 10.50 Saturday Matinee: "Denver and Rio Grande." 5.15 p.m. Planet of the Apes. 6.10 New Faces. 7.10 Sale of the Century. 7.45 The Big Film: "Escape to Burma." 9.15 Thriller. 11.00 Discovery. 11.30 The Late Film: "Heller in Pink Tights."

HTV

9.10 a.m. The Big Booming Bicycle Show. 9.35 Old House—New Home. 10.05 Sesame Street. 11.05 Breaktime. 11.35 Planet of the Apes. 5.15 p.m. Island of Adventure. 6.10 New Faces. 7.10 Sale of the Century. 7.40 The Saturday Western: "Cattle Queen Of Montana" starring Barbara Stanwyck. 11.00 Discovery. 11.30 Riptide.

HTV Cymru/Wales—As HTV General Service except: 7.10-7.40 p.m. Carreg Filltir.

SCOTTISH

9.30 a.m. Old House—New Home. 10.00 The Big—Booming Bicycle Show. 10.25 Tell Me Why. 10.50 Feature Film: "Son of Ali Baba" starring Tony Curtis. 12.05 p.m. Sky. 5.15 Around the World *in Eighty Days*. 5.45 Meet Peters and Lee. 6.15 New Faces. 7.12 Sale of the Century. 7.40 The Saturday Western: "Cattle Queen of Montana" starring Barbara Stanwyck and Ronald Reagan. 9.15 Thriller. 11.00 Discovery. 11.30 Late Call. 11.35 Police Story.

SOUTHERN

9.15 a.m. Old House—New Home. 9.40 The Big—Booming Bicycle Show. 10.10 Regional Weather Forecast. 10.15 Porky Pig and Daffy Duck. 10.25 Tell Me Why. 10.55 Fantastic Voyage. 11.20 U.F.O. 12.15 p.m. Southsport. 5.15 The Flintstones. 5.45 The Persuaders! 6.45 Sale of the Century. 11.00 Discovery. 11.30 The Collaborators. 12.30 a.m. Southern News.

TYNE TEES

9.30 a.m. Old House—New Home. 10.00 The Big—Booming Bicycle Show. 10.25 Fantastic Voyage. 10.45 Opportunity. 10.50 Elvis: "Speedway." 5.15 p.m. The Persuaders! 6.10 New Faces. 7.10 Sale of the Century. 7.40 The Saturday Western: "Cattle Queen Of Montana" starring Barbara Stanwyck and Ronald Reagan. 9.15 Thriller. 11.00 "The Deadly Dream" starring Lloyd Bridges and Janet Leigh. 12.25 a.m. Epilogue.

ULSTER

10.30 a.m. Catch '76. 11.00 Hammy Hamster's Adventures on the Riverbank. 11.30 Sesame Street. 5.15 p.m. The Magician. 6.05 Cartoon Time. 6.15 New Faces. 7.15 Sale of the Century. †7.45 Saturday Movie: "It Came from Beneath the Sea." 9.10 Ulster Sports Results. 9.15 Thriller. 11.00 Discovery. 11.30 Police Woman.

WESTWARD

9.30 a.m. Old House—New Home. 10.00 The Big—Booming Bicycle Show. 10.25 Big Blue Marble. 10.50 Look And See. 10.55 Rocket Robin Hood. 11.15 The Gus Honeybun Show. 11.35 Tarzan. 5.15 p.m. Fantastic Voyage. 5.45 A Little Bit of Wisdom. 6.15 New Faces. 7.15 Sale of the Century. 7.45 The Saturday Film: "Death Drums Along The River" starring Richard Todd. 9.15 Thriller. 11.00 Discovery. 11.30 TV Movie: "A Little Game." 12.45 a.m. Faith For Life.

YORKSHIRE

9.30 a.m. Old House—New Home. 10.00 The Big—Booming Bicycle Show. 10.25 Big Blue Marble. 10.50 "Speedway" starring Elvis Presley and Nancy Sinatra. 5.15 p.m. The Persuaders! 6.10 New Faces. 7.10 Sale of the Century. 7.40 The Saturday Western: "Cattle Queen Of Montana" starring Barbara Stanwyck. 9.15 Thriller. 11.00 Cushing's Creatures—"The Evil of Frankenstein" starring Peter Cushing.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 8.06 Ed Stewart (S) (also on VHF) with Junior Choice. 10.00 Rosko. 1.00 p.m. David Bowie (S) (also on VHF). 2.00 Alan Freeman (S) (also on VHF). 5.00 Paul Gambaccini (S) (also on VHF). 6.30 In Concert (S) (also on VHF). 7.30-12.33 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Tom Edwards (S) *including* 8.03 Racing Bulletin. 8.06 As Radio 1. 10.02 Charlie Chester (S). 12.02 p.m. Two's Best (S). 1.02 The Family Brandon (1,500 only, also 202m Scotland, VHF joins Radio 1). 1.30-6.55 Sport On 2 (1,500m only, also 202m Scotland, VHF joins Radio 1)—Soccer Special (1.30, 3.10, 3.55, 5.00) Home International Championship: Rugby League 1.45, 2.00, 3.45, 4.45) Challenge Cup Final: Widnes v. St. Helen's; Cricket (1.40, 2.00, 2.40, 3.45, 4.45, 5.00, 5.40) Benson and Hedges Cup: Somerset v. Leicestershire, Sussex v. Yorkshire; Racing from Lingfield Park (1.40, 2.25, 2.55, 3.45, 4.50); Rugby Union (1.30, 2.00, 2.40, 3.45, 4.45) The Middlesex Sevens. 6.03 Star Sound (1,500m only, also 202m Scotland, VHF joins Radio 1). 7.02 Al Read Classics (1,500m only, also 202m Scotland, VHF joins Radio 1). 7.30 Sports Desk. 7.32 Royal Festival Hall Silver Jubilee (S): The BBC and GLC present Salute to London, part 1. 8.30 Maybe It's Because I'm A Londoner (memories and songs). 8.50 Salute to London, part 2. 10.02 Nordring Roundabout (S). 11.02 Sports Desk. 11.06 Alan Dell with The Late Show (S) including 12.00 News. Summary. 12.31-12.33 a.m. News Summary

RADIO 3 464m, Stereo & VHF

8.00 a.m. News. 8.05 The Young Idea (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 Schumann piano recital (S). 12.02 p.m. Robin Ray presents popular classics (S). 12.55 News. 1.00 A Piece of the World Discovered. 1.15 Haydn and Beethoven chamber music concert (S). 2.15 Man of Action, William Rees-Mogg chooses records (S). 3.35 Music of the Masters (S). 5.00 Jazz Record Requests (S). 5.45 Collectors' Corner. 6.40 Critics' Forum. 7.30 Samuel Sebastian Wesley (1810-1876) centenary concert, part 1 (S). 8.20 Personal View by John Ziman. 8.40 Wesley concert, part 2 (S). 9.35 Karajan in conversation with Robert Chesterman. 10.15 Harrogate Festival 1975 recital, part 1: Haydn, Brahms (S). 10.55 Interval Reading. 11.00 Recital, part 2: Ravel. 11.25-11.30 News.

Radio 3 VHF only—6.20-8.00 a.m. Open University.

RADIO 4

434m, 330m, 285m and VHF
‡ Medium Wave only

6.30 a.m. News. 6.32 Farming Today. ‡6.50 Outlook. VHF Regional News. 6.55 Today's Listening. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Outlook. 7.50 Today. 8.00 News and more of Today with 8.25 VHF Regional News and Weather. 8.50 Yesterday in Parliament. 9.00 News. ‡9.05 From Our Own Correspondent. ‡9.30 The Week In Westminster. ‡10.00 News. ‡10.02 Between The Lines. ‡10.15 Daily Service. ‡10.30 Pick of the Week. ‡11.30 Science Now. 12.00 News. 12.02 p.m. Robin Ray (S) as Radio 3. ‡12.55 Weather, programme news, VHF (except London and SE) Regional News. 1.00 News. 1.15 Any Questions? ‡2.00 Weekend. ‡3.00 News. ‡3.05 Thirty-Minute Theatre. ‡3.35 Music of the Masters (as Radio 3). 5.00 PM Reports. ‡5.55 Weather, programme news, VHF (except London and S.E.) Regional News. 6.00 News. 6.15 Stop The Week with Robert Robinson. 7.00 News. 7.02 Desert Island Discs. 7.30 These You Have Loved (S). 8.30 Saturday-night Theatre: "Relative Values" (S). 9.58 Weather. 10.00 News. 10.15 A W In Edgeways. 11.00 Lighten Our Da ness. 11.15 News.

Open University: VHF only—6.05 a 12.00 and 2.00-5.00 p.m.

BBC Radio London

206m and 94.9 V

6.00 a.m. As Radio 2. 7.32 God Fish 8.00 News, Weather, traffic and to-d sports news. 8.15 The London Garde 8.30 Astley Jones with Saturday Sc 11.30 Robbie Vincent's Saturday Sh 2.00 p.m. Close Up. 2.30 Bob Powell London Country. 5.00 As Radio 2 Newsbreak. 6.03-12.33 a.m. As Radio

London Broadcasting

261m and 97.3 V

6.00 a.m. Morning Music. 7.00 Hol 261. 7.30 The Decision Makers. "A.M." 10.00 Jellybone. 12.00 Lond Week. 1.00 p.m. Newswatch. 1.30 Spo watch. 6.00 Newswatch. 6.30 This London. 7.00 Artsweek. 9.00 Da Bassett. 1.00-5.30 a.m. Nightwatch—every half-hour.

Capital Radio

194m and 95.8 V

6.00 a.m. Kerry Juby: Kerrygoro 9.00 Roger Scott: Capital Countdo 12.00 Kenny Everett: two hour mus maelstrom. 2.00 p.m. Joan Shen Person to Person. 4.00 Ian David London Link. 6.00 Greg Edwards: Spectrum. 10.00 Tommy Vance: The of reggae. 12.00 Tommy Vance: Mid-ni Special. 2.00 a.m. Night Flight.

TV Top 20

TV TOP 20
Week ending May 2

		Homes viewing (m.)
1 From Russia with Love	ITV	9.20
2 This Is Your Life	Thms.	8.75
3 Coronation Street (Wed.)	Gran.	8.40
4 Coronation Street (Mon.)	Gran.	7.70
4 Crossroads (Wed.)	ATV	7.70
6 Crossroads (Tues.)	ATV	7.55
6 Hughie's Full House	Thms.	7.55
8 Sale of the Century	Anglia	7.35
9 Police Woman	ITV	7.30
10 Crossroads (Thrs.)	ATV	7.15
11 The David Nixon Show	Thms.	7.10
11 Rising Damp	Yorks.	7.10
13 Crossroads (Fri.)	ATV	7.00
14 A Little Bit of *Wisdom*	ATV	6.95
14 Luke's Kingdom	Yorks.	6.95
16 The Fosters	LWT	6.90
17 New Faces	ATV	6.80
18 Are You Being Served	BBC	6.40
19 News at Ten (Wed.)	ITN	6.30
19 Hadleigh	Yorks.	6.30

Figures compiled by Audits of Great Britain for Joint Committee for Television Advertising Research.

CHESS SOLUTIONS

Solution to Position No. 1 (a) 1...B-B4 wins the que since 2 Q-Q5 (the only esca square) fails to 2...Q-N7 ch; K-K1, Q-B7 ch; 4 BxQ, PxB 5 K-B1, N-K6 mate. (b) 1...R- ch; 2 BxR, B-R6 ch; 3 K-K1, P ch; 4 KxP, Q-N7 ch; 5 K-K1, Q- mate.

Solution to Problem No. 1 1 R-N7. If 1...BPxN; 2 Q-K1 P-N8(Q) ch; 3 R-N1 mate. 1...RPxN; 2 R-QR7, P-N8(Q) 3 QxQ mate.

The Financial Times, published daily ex Sundays and holidays. U.S. subscripti $167.00 (air freight) $334.00 (air mail) annum. Second class postage paid at N York, N.Y.

هكذا من الأجل

Your savings and investments

Picking an income fund

BY CHRISTOPHER HILL

COMPARED WITH the yields on offer even from growth trusts towards the end of 1974, the current offerings from income unit trusts now look relatively modest. But it is interesting to note how the wheel has swung full circle in the unit trust field where the general level of assessment of "quality" is concerned. In the mid-1960s there were income trusts and growth trusts: the latter were looked upon as the "quality" funds while the general opinion of income funds was that they were all very well for people who were prepared to sacrifice growth for immediate income. Now the general tenor of investment thinking in unit trusts is that shares which offer a growing income are likely to do well on the capital front and the cut-off point is where high income borders over into high risk.

Disregarding the investment philosophies, the fact remains that the average investor still wants some income from his investments and management companies still say that their best selling funds are income funds—with overseas slanted trusts as runners-up. How do the managers get their income? At one time it was from tea and rubber shares, but now that these are no longer in the high-yielding league, the alternative is to turn to second-line U.K. stocks and preference shares. As we have frequently remarked, preference shares offer an immediate high income with slight prospects of capital growth while an equity portfolio ought to be producing a growing income over a longish period. This is always the big sales pitch of groups like M. and G., which have been running funds like M. and G. Dividend for a long time and have done well with income growth.

But, where high income is concerned, there is always room for someone to offer just a little bit more; and at the moment the top of the income range comprises funds like Jascot Preference and Target Preference which both yield around the 13 per cent. mark. Lawson High Yield is a little lower down at 12 per cent., but also has a large chunk of Preference stocks. It is interesting that the Lawson and Arbuthnot groups—both relatively new—compete almost weekly to offer the highest yield. Also prominent in the two-digit yield bracket are Slater Walker Britannia High Income, Ionian Income, Arbuthnot High Income, Antony Gibbs Income, Target Income and Piccadilly Extra Income.

When it comes to getting both income and growth (the magic combination) one has to look lower down the yield scale. But it is possible and funds with over 8 per cent. yields figure in the one-year top performing tables. The main celebrities here are Gartmore High Income, M and G Extra Yield, Target Income and Save and Prosper High Return—the main accolade going to Gartmore High Income which has managed to combine a 9 per cent. plus yield with a top performance. But there are a number of others worthy of mention such as Schroder Income, Framlington Income and Hill Samuel Income although with these funds the yields are on a more modest scale.


Trevor Humphries
Sir Trevor Dawson, Arbuthnot Securities

Two points are worth bearing in mind where high yield funds are concerned. The first is that one wonders whether a lot of holders are dazzled by the yields quoted without thinking about the potential tax liability if they are at higher rates. In these cases a bond with an "income facility" (capital withdrawal) might be preferable. Secondly, as a bull market advances, income funds ought in theory to run out of growth as they switch to higher-risk stocks to maintain yields. But, although the theory has worked over the last legs of bull markets, it seems to have been less effective in the long run, since income funds have been slower to run out of steam than their growth counterparts.

When the reverse yield gap counts

BY ERIC SHORT

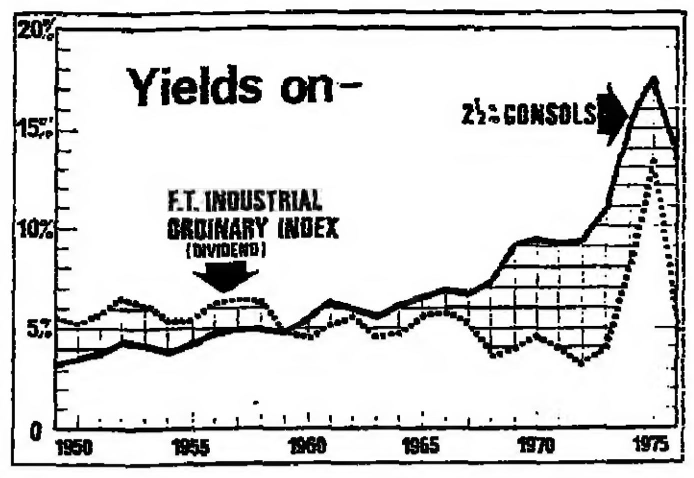
INVESTORS WHO take the trouble to read the reports of life companies will have seen recently that chairman after chairman has announced that last year his company invested substantially in gilt-edged securities (because of the high yields obtainable) while equity investment played a minor role. Talks with investment managers of life companies reveal that they are not enamoured of equities for their traditional life fund at present with the reverse yield gap at 8½ points.

The expression "reverse yield gap" may not be fully understood by some investors. Basically it represents the difference in yield between fixed-interest and equity investment, the usual measures being the gross yield on Consols 2½ per cent. and the gross dividend yield on the Financial Times Industrial Ordinary Share index.

The implications for the corporate investor are that ignoring tax considerations, as a pension fund, the manager who buys Consols 2½ per cent. can receive in the first year a guaranteed return of 13.5 per cent. If he buys equities with a dividend yield of 5 per cent. the price of those equities has to rise by 8.5 per cent. to equal the yield on Consols. The investment managers are saying that they cannot visualise equity prices increasing by this rate each year on average over the next decade. Equities have not in the past appreciated by this amount except over very short periods.

This principle of measuring the minimum equity price rise needed to obtain the break-even point applies to individuals as well as to financial institutions, but with certain modifications. To start with, life companies and pension funds are ongoing institutions with positive cash flows ad infinitum. Therefore they can assume that the investment will be held for ever and consider it only as providing a stream of income payments and ignore capital values. Individuals are investing for a definite period and the capital value of their holding at the end of this period is of vital importance.

Therefore individuals should use their own personal reverse yield gap measure taking into account their own tax position and the greater flexibility in choosing investments. For instance Consols 2½ per cent. is not a suitable investment for the higher rate taxpayer unless he is anticipating a rapid fall in interest rates. His gilt measure should be the net redemption yield on a low coupon gilt over the investment period, such as Transport 3 per cent. 1978-88.



Similarly the investor, at least in theory, should be able to select an equity with an above average yield that still has reasonable growth prospects. There are high yielding unit trusts invested predominately in equities which provide double figure yields. The investor should calculate the required rise, allowing for Capital Gains Tax, to give a break-even yield over the period.

It is doubtful whether individual investors would be prepared to undertake what is quite an involved calculation. Another way of looking at this yield consideration is to ascertain whether investment in gilts as the end of the period would have accumulated more with income reinvested than equities over the same period. The investor still has to make assumptions as to future increases in dividends and movement in equity prices. As a guide the annual review by stockbrokers De Zoete and Bevan on equity and gilt investment shows that in the past equities have outperformed gilts in the long term, but there have been short periods when the reverse has happened.

This is the lesson for investors of the reverse yield gap, that they must ascertain which is likely to give the best return over the investment period under consideration. This involves calculating the necessary equity rise to give a break-even point and then assess the chances of such a rise happening.

Wide of the mark

ALTHOUGH THE Dow Jones Industrial Index is still hesitant around the 1,000 mark, there is still a feeling among U.K. investment managers that the "fundamentals" of the U.S. look right for a further rise in stock prices. But it is not always easy to do well even in a rising market, as the report of Warburg's Transatlantic Market trust indicated this week. This is one of Warburg's Jersey-based funds, having been launched in August 1974. Since then and March 11 this year (the trust's year-end) the offered price of the units—or participating shares—has risen by 17.2 per cent. but the rise over the past year has been less favourable at 8 per cent. against 21.7 per cent. by Standard's and Poor's Index.

The reasons for this disappointing performance were twofold. The first is that the trust was too liquid at the beginning of the year (38 per cent.) and although the proportion in common stock was much higher at the end of the year a good deal of the upturn had been missed. Secondly the fund was underweighted in the sectors of the U.S. stockmarket which did best over the period such as paper, steel and aerospace.

Of course, everyone can be off-beam in his judgment and, with the Common Market Fund especially, Warburg's has been more often right than wrong with its offshore performance. But, strangely enough, offshore funds as a group usually seem to have more trouble in putting up a good performance than unit trusts despite their wider investment horizons. At least this is the impression one gleans from Money Management's offshore fund table where the funds beating the Unitholder Index (the average of unit trusts) over the past year are in a minority. CH

Crock of silver

ONE OVERRIDING problem of physical investment in metals, like copper or silver, is that the sums needed to be invested are usually high for the average investor. Surinvest launched its Copper Trust last December to solve this problem, so far as copper investment was concerned, for the smaller investor and has achieved a certain amount of success. The fund has already grown to £1.5m. with 550 unitholders and shows a capital appreciation of 43 per cent. This week it launched its companion vehicles for Silver—The Silver Trust.

This fund, like The Copper Trust, is effectively an open-ended, flexible, syndicate for buying and selling the metal. Silver can only normally be bought in contracts of 10,000 troy ozs on the London Metal Exchange, which at current prices would involve at outlay of about £22,000. If the individual joins a private syndicate, he usually has to sell when the entire syndicate sells and buy in again when the syndicate reforms.

With the Silver and Copper Trusts, the investor can buy and sell when he desires in very small amounts. The minimum holding of the Silver trust is 500 units and subsequent deals must be at least 100 units. But the investor should note very carefully that the timing is his responsibility. The intention is that the trust should be fully invested and all sales of silver will be forced sales to meet repayments of units. The managers will not go liquid if they consider metal prices are about to fall.

Although some useful gains could have already been made in the copper trust by selling units last week when the price of copper peaked at about £900 per ton, Surinvest insist that these vehicles should be regarded as long term investment vehicles. Nevertheless, jobbing in and out looks attractive and the investor should only be liable to Capital Gains Tax, although Surinvest is not 100 per cent. certain on this point.

Mr. John Ormond, chairman of Surinvest, is very enthusiastic about the future prospects of silver. The metal is now being used much more for industrial purposes — photography, electrical and electronics — as well as for bullion, jewellery and plate. There is currently an annual deficit in production, which is being made good from stocks which, although large, have been substantially run down over the past two decades.

The Silver Trust is an offshore fund located in the Isle of Man, in contrast to the Copper Trust which is in Jersey. The reason for this change is that the Jersey authorities have adopted a more cautious attitude and have stopped any further commodity trusts being set up in the island. One effect of the change in location is that investors can deal direct with the managers of the Silver Trust, but only through accredited advisers for the Copper Trust. But such funds are not really for the investor who does not understand the commodity market.

ERIC SHORT

Premium limit

THE CURRENT Finance Bill, when it was published, contained one surprise for life assurance investors. From 1979 the limit on premiums which qualify for tax relief of one-sixth of income is to be replaced by a limit of £1,500-£750 each if husband and wife are taxed separately. This change was not announced in the Budget, but was almost inevitable once the Chancellor decided that investors would pay their premiums net and life companies would reclaim the tax. Otherwise, the companies would have had the unlooked for task of checking that the one-sixth limit was not exceeded.

The main objection of the life companies is that the figure is too low—relating to an income of £9,000 on the one-sixth basis. I would have thought that very few investors could pay out more than one-sixth anyway. But there is another danger. The Revenue tend to leave limits unchanged for years, so that in real terms the limit gets lower each year. The self-employed have seen this happen to the limits on pension contributions which get changed very infrequently and when it does change, the amount of increase does not make up completely the ground lost.

The implications for the larger investor are that in future it may well pay him to limit his life assurance investment to £1,500 (or £750) each year and put the excess in some other vehicle such as a unit trust. It is the tax relief element that gives life assurance a competitive edge over the other savings media. ES

Merging trusts

THIS YEAR'S Unit Trust Yearbook has an awesome list of trusts which have changed their names in recent years and it is noticeable that the spate of mergers is causing problems for some people. A fairly frequent communication is from investors asking whatever happened to their units in some long-forgotten trust which disappeared two or three mergers previously. There have also been some criticisms from investors who feel that merging other poor-performing funds with their good one might tend to drag the whole side down. Of particular interest have been all the Slater Walker trust mergers (in one case amalgamating 6 trusts) which culminated this week with a merger of two virtually identical investment trust share funds. But, despite the problems of communication, I feel that merging trusts is the lesser of two evils. The greater evil is for a management company to be forced to continue to run a trust in which it has lost interest—either for reasons of economy or because its objective has become outdated. CH

Finance and the family

Late husband's will

BY OUR LEGAL STAFF

I have recently been left widowed. The mortgage on my home is a joint one in the name of my late husband and my father-in-law. My father-in-law is still living and the building society have informed me that my father-in-law is now legally bound to take over the whole of the payments.
Can you advise me whether as the sole beneficiary of my husband's estate, I can take his place as joint mortgagee? Also, if this is not the case, what is the position regarding my husband's share of the house which I assume would pass to me?

You cannot insist on taking your husband's place as joint mortgagee, but it is more than likely that the building society would agree to that so long as your father-in-law remains as one of the people liable. Your husband's share of the house would not fall into his estate unless the equitable interest in the house was held by him and his father as *tenants in common*. This will normally readily be inferred, but if there is an *express* declaration of a *joint tenancy* in equity the whole property would now belong to your father-in-law. You should ensure that the position is resolved as soon as possible and, if necessary, a written acknowledgment obtained from your father-in-law to the effect that he makes no claims to your husband's half share.

Action against a builder

I had a bungalow constructed and as a result of bad workmanship which the builder failed to remedy, I called in another builder. I was considering an action for breach of contract, but as the law more or less says that all causes of action must be fought at the same time and as I am not sure that all causes of action have yet manifested themselves, what should I do?

There is no reason why you should not commence an action against your builder now in respect of damage which has already accrued. This will not prevent your suing him later *in respect of damage which has* not yet manifested itself. The principle to which you refer of requiring causes of action arising out of one set of facts to be joined in one claim is not a firm rule and in any event would not apply to a case where damage had not accrued at the *time when the action* was begun.

Party wall in London

I wish to have the cavity walls of my semi-detached house in Leytonstone insulated, but my neighbour has withheld his consent. If the contractor could seal the party walls prior to the insertion of the filler, would I still need his consent?

As your property is in Greater London, we think that work to the party wall would require consent or else must be submitted to arbitration under the provisions of the London Building Acts (Amendment) Act 1939, Part VI. In this way you can, in effect, make your neighbour accept the proposed work if he is reasonably safeguarded.

Retirement from business

My wife aged 65 and myself aged 64 have owned a business for eight years and now wish to retire. Can we get the relief from capital gains tax given to those retiring from a family business?

If you previously were in a business of the same k ind, we think you will qualify and if both you and your wife worked full time in the business you will qualify. You, however, will not qualify in full as you are not 65. If you were not in business earlier than eight years ago, we do not think you will qualify for any exemption.

A charming hotel

I found on arriving at my destination abroad last summer that the premises I was to *occupy and described to me* as a charming hotel was, in fact, an unfinished villa. I sought to take action under the Trade Descriptions Act, but have been unable to find a definition of an hotel. Can you help? Do you know of any cases dealing with *this point?*

It seems likely that the accommodation provided did not comply with the description. It is, however, a question of fact, not of law, whether or not that is the case. For this purpose there is no magic in the term "hotel." A court (the judge) would have to decide whether the accommodation which was provided was *substantially* in accordance with what an ordinary person would understand by the phrase "Charming Hotel" taking into account the natural tendency of a vendor to *describe his wares favourably.* You may have a claim for breach of contract on the basis of two cases: Jarvis v Swans Tours Ltd. [1973] QB 233 and Jackson v Horizon Holidays Ltd. *[1975] 1 WLR 1468.*

Provision for family

Her second husband has turned hostile to my mother, and has made a new will by which he leaves the matrimonial home and all its contents to his two children. She has been told by his son that she will have to vacate the house as soon as her husband, now 93, dies. Meantime, she is allowed £10 a week for expenses. Can she *be turned out in the way* envisaged? Should she meantime register her interest in the matrimonial home? What do you advise, please?

It is desirable that she registers a Clause F land charge straight away. This can be done by means of a simple application form. She can take proceedings now for the provision of suitable maintenance for herself if the amount currently provided is insufficient. In any event she will be able to make a claim on her husband's estate under the Inheritance Provision for Family and Dependants Act, 1975, if he dies before her leaving a will such as you envisage. After his death no one can turn his widow out *of possession of the matrimonial* home except the executor or administrator of his estate, and that only after probate or letters of administration have been granted. As soon as it is known who the personal representative is the widow should make a claim under the 1975 Act, and this will (until resolved) be sufficient to prevent her eviction.

Protruding roots and branches

I have received a collection of cases relating to actions regarding roots and branches protruding into other people's gardens, but have been unable to gather just what the position is. Could you explain, please?

Nuisance exists in law only if some physical damage is caused by the act complained of. Thus encroaching tree roots must be shown to affect the value of the plaintiff's property, for example by undermining a building or wall or by rendering the garden physically less commodious. However, there is also probably a technical trespass which is a wrong that does not require *proof of damage. The gist of* the opinion is that the court will not assist you by granting an injunction if the judge considers the invasion effected by the trees to be trivial or of *minimal practical effect.*

No trace of shares

In going through my late mother's papers I have found a contract note for the purchase of Rolls-Royce shares seven years ago, but otherwise no trace of them. Could you advise me as to the best method of finding out what happened?

You can inspect the register of members of the company to ascertain if your mother's name appears as a shareholder. You may find it easier in the first instance to communicate with the liquidator on the footing that your mother was a shareholder, inquiring what distribution has been made. If your mother's name does not appear on the register and you cannot *find a share certificate the likely* inference is that she sold the shares.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Insurance

ONE OF THE MAIN topics in insurance this week has been Monday morning's £175,000 money robbery from the "Express" building in Fleet Street. The raid shows that despite numerous security precautions, thieves can, by a carefully planned attack, still get away with a substantial sum. The continuing need for insurance by all concerned with the transit, holding, despatch and receipt of money is once again emphasised.

From the general security aspect we have come a very long way from the mid-sixties, the days of the great train robbery and the weekly assaults on wage transits. This is mainly because of the strenuous efforts insurers made then and continue to make now, to ensure that commercial money insurance is not treated as a substitute for the taking of proper precautions for the safety of money.

For example, when providing overnight money cover in an office or factory or for the shopkeeper, insurers will probably require the installation of a safe of such size and strength as they consider commensurate with the maximum amount of money to be at risk, and make it a condition, perhaps even a warranty, that all money is put in the safe when the premises are left unoccupied.

It is not normally left to the policyholder to decide where to position his safe, whether or not to fix it to wall and floor, whether or not to put it in a box incorporated in any burglar alarm system fixed in the premises to protect stock or contents. Positive advice on all these aspects wil be given by the insurers' surveyor and *usually the policyholder* will have to implement that advice before cover is given or renewed.

Of course the precise precautions individual insurers require for the particular risk depend partly on their own

Finding cover for your money

BY JOHN PHILIP

established underwriting criteria and partly on the various sums which they are asked to cover: just as insurers have no common rating tariff, so they require different standards of protection.

Whether a separate policy is bought, or money is insured by a section of one of the several commercial packages now available for offices, shops, hotels and so on, the word money is subjected to a detailed definition. Money is not just banknotes and coin: also included in most modern definitions are cheques, postal and money orders, postage revenue, national insurance and savings, stamps, savings certificates and premium savings bonds, even luncheon vouchers. And the definition can be widened to suit the particular policy holder's needs.

So far as I know there is nothing in any current policy to limit this to British money—*but* as all *policies are written* with financial limits in sterling the policyholder who has foreign currency stolen or destroyed can only claim in sterling unless insurers have previously agreed otherwise. Moreover most policies have a *positive exclusion* of any loss arising from depreciation in value. If foreign currency is the subject of a claim, then the simple question to be answered is, what was the sterling equivalent on the day of the loss?

According to the policyholder's individual needs, insurers fix separate limits for money in transit, money kept in safes, and money taken home by partners, directors or individual employees. Normally cover is provided, not against stated perils but simply "loss"—but there are of course exclusions. In addition to the exclusion of depreciation of value, insurers normally do not cover either shortage due to error or omission, losses from unattended vehicles, or losses due to fraud or dishonesty of staff or family or not discovered within a specified period (usually seven days). And unless specially agreed, *the territorial limits* of the policy will be the British Isles.

Turning from the commercial to the domestic sphere, all modern household contents policies provide some money cover. The first point to remember is that most household policies provide cover against specified perils—fire, theft, riot and so on—and do not *protect* the policyholder against "loss" unless it be the result of a specified peril. Under household contents policies insurers normally cover "household goods and personal effects" which is a phrase wide enough to include all kinds of money without any special definition. But there are restrictions—for example in most such policies there is a clause which completely excludes "certificates" and "securities."

Whatever the total sums insured on the contents insurers *usually set a relatively low* financial limit to money claims of between £100 and £250, and restrict their theft cover to "theft involving violent and forcible entry to or exit from *the home.*" So the householder probably has no claim for money taken by a walk-in thief. Incidentally in my own policy these latter restrictions apply specifically to "cash bank and currency notes negotiable instruments and stamps." Depending on the particular policy wording insurers may or may not cover money against stated perils away from the home—but again only within the British Isles.

Careers

The right priorities

Recently retired after more than 30 years as a teacher Thornton Pearn argues for a radical rethink in the way we spend money on education.

BEHIND the ritual expressions of rage at the cuts in educational spending, the great mass of teachers have accepted them. They have done so with a cynical feeling of "we've heard it all before" and a praiseworthy determination to do the best they can with what they have. This is unfortunate, because I believe such an attitude will result merely in a steady decline in the standard of the education we already offer.

Had Mr. Healey required much bigger cuts, complete rethinking would have been forced upon the education service as a whole. Posterity might well have remembered the present Chancellor as the man who blasted education into social, economic and educational realities. Carrying on bravely is no longer enough. We must now consider not only the content—and therefore the cost—of what we offer, but the degree to which the nation that pays the educational piper, shall also decide the tune.

Four weeks ago I identified some of the problems with which education is faced—the lack of parent-school communication: the loss of the sense of community; the breakdown in continuity of family life, staff and policy; the often deadening traditionalism of the curriculum; the loss of the impetus provided by fear and concern, and cost. In short, not the three Rs, but the six Cs, all of which are mirrored in society.

However we see these problems, *ultimately we are forced* to accept that education to-day is a chaos of good intentions, and we all know where those lead. There is an urgent need of basic direction, organisation and simplified administration. We need an educational "think tank" at the highest possible level.

At the moment, this country prides itself that every educational institution within the broadest of limits, decides its own curricula. One result, for example, is that we can count some 16 different ordinary-level syllabuses for mathematics alone. Another result is that the "curriculum" as a whole means "what professors, lecturers and teachers are interested in."

It would therefore be difficult to contemplate a greater educational disaster than to set up an educational think tank consisting of eminent academics. While teachers, in the widest sense, should serve on such a committee, they must be in a healthy minority. Commerce, industry, social and medical services, etc., must all be represented.

Such a committee must start with the ruthless questions of economic survival. Why, for instance, do clever children read Latin and dull ones do woodwork? Do traditions like this implant in our children's minds a conviction that the subjects they see as most associated with *industry are not for the intelligent?* And is industry itself to blame for this?

Even though I accept the criticism, it is no use for employers just to complain that entrants to industry at all levels are too often unsatisfactory on many counts. Industry must also resolve the present confused dichotomy where the *employer demands certificates* which all too often measure the very qualities he does not require.

Next, consider the large sum we spend annually on remedial teaching. More and more evidence is accumulating that the first five years of a child's life are educationally the most vital, and we are now hearing ominous phrases such as "five-year-old drop-outs." Nursery education is relatively cheap and would pay handsome dividends. Its development is clearly vital, yet a considerable number of local authorities have decided not to take up their allocation from the £8.5m. set aside for nursery building. But we spend £3.5m. on physics conferences alone, and in far too many areas schools, technical colleges and colleges of further education, all fight for the same fixed pool of potential sixth-formers—an example of double manning beyond the dreams of British Rail.

Indeed, the think tank might also consider that research itself is worth researching. How much *is valid?* How far, for example, are students given skilled, imaginative teaching, and how far are they regarded as unfortunate interruptions to a dubious research programme? It would be a relief to long dead Jesuits to know that 20th-century research had at last proved the validity of their philosophy *of the importance of the early* years in a child's development. Yet research leaps ahead! Research now tells us that parents are the most important factors in a child's education. You knew it already? Clever you!

The truth is that the think tank must accept certain premises. First, the pre-school years are vital. Pre-natal and post-natal clinics must give mothers—and fathers if possible—information not only about physical health and development, but also about intellectual and social development. Educational psychologists would be far more profitably employed here than in the remedial situation. This help must be followed up by home visiting and developed across the board in our school curricula. In national terms the cost would be negligible and the potential rewards enormous.

Secondly, since most children finish their formal education at 16 and an increasing proportion of the population becomes more and more mobile, there is a urgent need for a division of the school curriculum into two parts—a common, compulsory core, and an optional, varied periphery.

Every child needs a basic knowledge of language, mathematics and science, a sense of compassion and justice, and knowledge of himself. But some will become sensitive to music, art, or craft, while others will enjoy the growing mastery of data, foreign languages or problems of responsibility.

Thirdly, there is the gigantic problem of wasted time. Every teacher knows that children—and teachers—flag after about seven weeks' hard work. A short break is valuable, yet we still have terms of 15 weeks and holidays of six. Advisory committees discuss school holidays—not school terms. In addition, the waste of time in examination terms is notorious. The CSE *exam finishes at the end of May* and GCE at the end of June. Term may not end until the third week in July. A reorganisation here would save millions of pounds annually.

A further basic problem is the growth of administration which not only means more meetings, conferences and courses, and so more teachers out of school, but more teachers concerned with administration itself, with a consequent increase in the size of the classes their colleagues teach. A worthwhile piece of research might well be to investigate how far disruptive administration creates disruptive children!

Constructive work on every one of these basic problems would not only save millions of pounds, but improve our education, for while it may be true that ultimately our education standards determine our economic future, it is obvious that we are now fighting for survival. If a nation, ignorant of what is taught, apathetically accepts a product for which it pays, can we expect other than rejection of its content by many of those whom, with only partial success, we attempt so forcibly to feed?

Investment

Quite contrarywise

AMERICAN STOCK markets are probably more closely scrutinised by both investors and a multitude of regulatory agencies than any other equities market in the world. The sheer mass of information available serves in equal measure to confuse investors and provide them with vital statistics about what others are doing. The extent and sophistication of the information available is intended to ensure that no one has an unfair advantage and that the market is efficiently conducted. Nonetheless, the violent swings in the market as a whole and especially in particular industries and "hot stocks" that periodically soar and then collapse to fractions of their highs testify that even such *reams of data cannot protect* the investor from emotional excesses.

The brilliantly successful American investor Bernard Baruch once confessed that he *owed much to his study of* "speculative bubbles" throughout history, such as the Mississippi Land and South Sea Bubbles, and the Great Tulip Craze in Holland. Only by avoiding such periods of investor hysteria, he felt, could he hold on to his profits. He once conceded, "I always buy too high and sell too low," yet his success speaks for itself.

Baruch observed, "All economic movements, by their very nature, are motivated by crowd psychology." The use of this fact has been formalised and dubbed "contrary opinion." Exponents of contrary opinion relish being investors who do what few others do; they call themselves "contrarians," and try to do the opposite of what virtually the entire investment community recomends. Such community recommends. Such moments of unanimity are relatively rare, yet the contrarians believe, with some historical backing, that *they correspond* to overbought and oversold extremes. By buying at one extreme and selling at the other they hope to take advantage of other investors' emotions.

Contrarians argue that what everyone knows is not worth knowing: when information is so widely shared, anyone who would act on it will already have done so, thus causing any discouraging news to have a devastating effect as panic sets in. In recent years this phenomenon appeared in the stocks of industries that "everyone knew" had nowhere to go but the sky—mobile homes and hand-held calculators. And the contrarians say this extends to the market as a whole; they point to a headline in January 1973 in America's most widely read investment weekly. This described the unanimity of a group of investment advisers interviewed—"Not a Bear Among Them." It preceded by two weeks the onset of the most devastating post-war bear market!

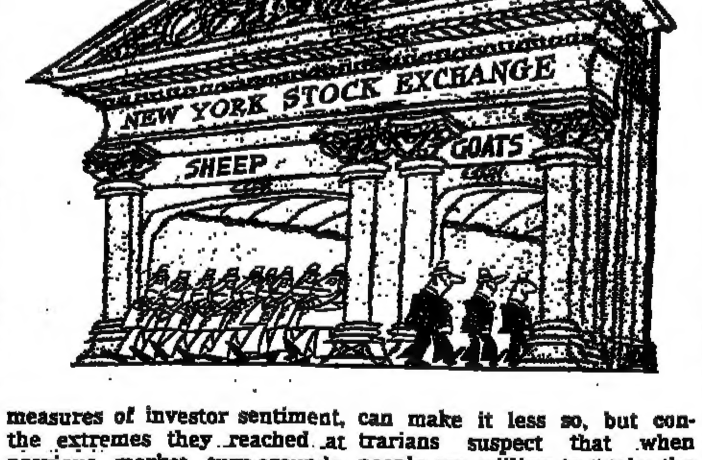
Contrarians look out for front-page headlines concerning the stock market in general newspapers, believing that when stocks are front-page news, there is panic or hysteria that is liable to lead to a change in direction. But, in an effort to refine their "science," and provide signals more frequently, contrarians now study the masses of other information provided by the regulatory agencies. They *look for other* measures of investor sentiment, the extremes they reached at previous market turn-arounds, and hope to apply them to the present and future.

One indicator they find useful is an index of investor advisers' opinions. American advisers have tended to be overwhelmingly wrong at the beginnings and ends of major market moves. *Another measure* contrarians find useful is made possible by the functioning of the stock exchanges. On an exchange there is just one man who buys and sells company stock to the public. This "specialist" is supposed to risk his own money to ensure an orderly market; he often has to buy large amounts of stock when the public panics, and sell short large amounts when the public is enthusiastic. Thus, the specialists' actions are sensitive indicators of public sentiment. In fact, the specialists become *contrary opinion* investors without meaning to. Because specialists' actions are disclosed on a weekly basis by the exchanges, other contrarians can also gain the advantage.

Contrarians now are closely following the development of option exchanges. Just under three years ago the Chicago *Board of Options Exchange* started trading call options, written agreements to deliver 100 shares of a particular stock at a specified date at a specified price. Call options permit a buyer to share dollar for dollar in any increase in the stock's price, even though he puts up only a fraction of the stock's price. Profit potentials of 1000 per cent. in a few months exist, but in over 80 per cent. of the cases, calls expire worthless at the end of their maximum nine-month life.

Clearly, this is a very specula*tive arena. Certain strategies* can make it less so, but contrarians suspect that when people are willing to "take the plunge" and bet that stocks are going to be higher in a few *months'* time, even though being wrong means losing all one's investment, market sentiment is becoming overheated. With the aid of computers, various measures of the worth of call options are made, and contrarians study closely the size of the premiums given options. Unusually high premiums may serve as sell signals and low premiums as buy signals.

Contrarians are eager to understand what the new options market indicates about investor sentiment because it seems to disrupt some of their favourite indicators. For instance, in the past, when bull markets were waning, investors frequently sought out low-priced stocks. The activity in formerly obscure "cats and dogs" with questionable pasts but suddenly promising futures has frequently been seen as a sign of the last stage of a bull market's speculative frenzy.



Now, however, speculators looking for a "killing" in a low-priced investment may prefer to turn to call options for well-known, prestigious companies. This is likely to dry up the flow of funds into the "cats and dogs," thereby rendering that warning signal less sensitive. Nonetheless, a better understanding of who is responsible *for option activity may help* everyone avoid painful losses.

No one can less afford such losses than the small investor, and to protect him from his own greed, strict requirements of wealth have been established for those who want to participate in the high-risk options market. Small investors often choose to invest in low-priced stocks because with *a high-priced stock* they could not afford to buy the customary 100 shares. They have a long memory for losses inflicted by bear markets, and therefore are slow to jump on *bull market bandwagons—often* selling purchases from the last bull market at the top of the following one, when they have about broken even. Some people, noting the heavy selling of small investors at market tops, suggest they have become an important contrary opinion indicator, inasmuch as they now represent a waning force in an institutionally dominated *market.*

This split is particularly evident in transactions of mutual funds, investment trusts, in which many small investors choose to spread investment risks *in large portfolios.* In recent years, when the "little man" has been selling his fund holdings, the funds themselves have generally been buying aggressively, bringing the funds' levels of cash holdings to very low levels. This has been a reliable warning signal in recent years. And at the other extreme, very high cash levels, coupled with small investor frustration so great that they become heavy short sellers in the market, has foretold market surges.

It is not likely that contrary opinion will prove to be that long-sought certain road to riches. If any such system were ever developed, it would soon be destroyed because everybody would jump in. Even now, some students of the market wonder *whether the increased attention* being given to contrary opinion may already be making it a less effective device. It has been suggested that if contrary opinion becomes very much more widespread, a new system of contrary-contrary opinion may arise.

NIGEL CARSON

Chess

BIRMINGHAM'S traditional Easter tournament *suffered* one of the occupational hazards of international chess events when an overseas master withdrew just before the start, and last-minute efforts to find a titled substitute through phone calls to countries ranging from the Lebanon to Yugoslavia proved unavailing.

"Titled" in this context means a holder of the World Chess Federation (FIDE) international master title, for FIDE rules state that to be fully international a tournament should include one-third players who are already IMs and not more than two-thirds from a single country. The missing name meant that Birmingham was short on both counts.

As so often recently, the young English players achieved fine results at Birmingham and would probably have gained two more title norms if the tournament had had its proper complement. The leading scores were Mestel (England) 8 out of 10, Damjanovic (Yugoslavia) 7½, Speelman and Stean (England) 7, Webb (England) 6. Both Mestel and Speelman are aged 19, while Stean is 22.

While Mestel and Speelman are already recognised as among the best in the world for their age group, our present chess renaissance also has the great asset of *strength in depth.*

Thus, players still in their teens finished as winners or joint winners of the Welsh Championship at Cardiff, the West of England championship at Weston-super-Mare, the South of England championship at Southend, and the Midland Open held at Birmingham alongside the masters' event.

The immediate problem for this galaxy of talent is to find opportunities at a sufficient level for further advance. The *Challengers master tournament* at Hastings has shown a progressive approach to this situation in recent years by increasing its numbers to include *promising* players from the junior international squad, but in other respects our youngsters have fewer opportunities, particularly in the national championships, than their rivals from Russia, the U.S. and East Germany.

Jonathan Mestel, the Birmingham winner, is a fresh and original player who has already introduced several opening novelties into the traditional repertoire. This week's game was among his best at *Birmingham and effectively demonstrates* a useful technique—how to operate with knights on central dark squares, supported by a fianchettoed bishop at K

White: M. J. Corden. Black: A. J. Mestel. Opening: Sicilian Defence (Birmingham 1976).

The opening moves were P-K4, P-QB4; 2 P-QB3, P-Q... Mestel is already getting out of the books; normal replies are N-KB3, P-K3 and P-Q4.

3 P-Q4, B-N2; 4 B-Q3, N-K... 5 QN-Q2, P-N3; 6 KN-B3, B-... 7 0-0, 0-0; 8 R-K1, P-Q3; 9 Q... PxP; 10 PxP, N-B3; 11 P-Q... N-Q2!

White has played to transpose to the Colle System of queen's pawn (1 P-Q4, 2 N-KB3, 3 P-K3, followed by routine development and an eventual central push with P-K4) with the *difference of making the* ... P-K4 earlier than usual. A logical idea, but it leaves his Q4 square weak and Mestel quickly takes advantage.

12 Q-K3? P-K4; 13 P-Q5, N-... 14 P-QN4, P-B4!

White's queen move was slow (better 12 P-Q5) and Black opens up lines of attack to support his strong knights.

15 NxN, PxN; 16 Q-R3, N-... 17 PxP, NxB; 18 PxP?

18 ... RxP; 19 QxN, Q-R5; ... PxP ch, K-R1; 21 Q-K4, R-... 22 Resigns. For if 23 Q-... RxP; 24 QxB, QxR ch.

LEONARD BARDEN

POSITION No. 112

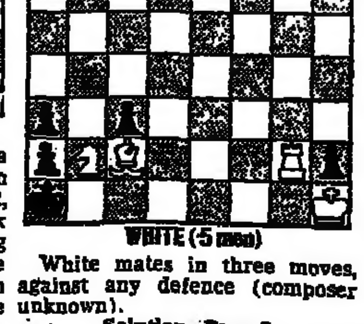
BLACK (10men)

WHITE (12men)

For a bizarre example of a missed opportunity, this position from Reti v. Hromadka, 1922, takes some beating. Black played 1...Q-N7 ch, later losing on the time limit. How could he instead (a) win White's queen or (b) by a different move, force mate?

PROBLEM No. 113

BLACK (5men)



WHITE (5men)

White mates in three moves, against any defence (composer unknown).

Solutions Page 2

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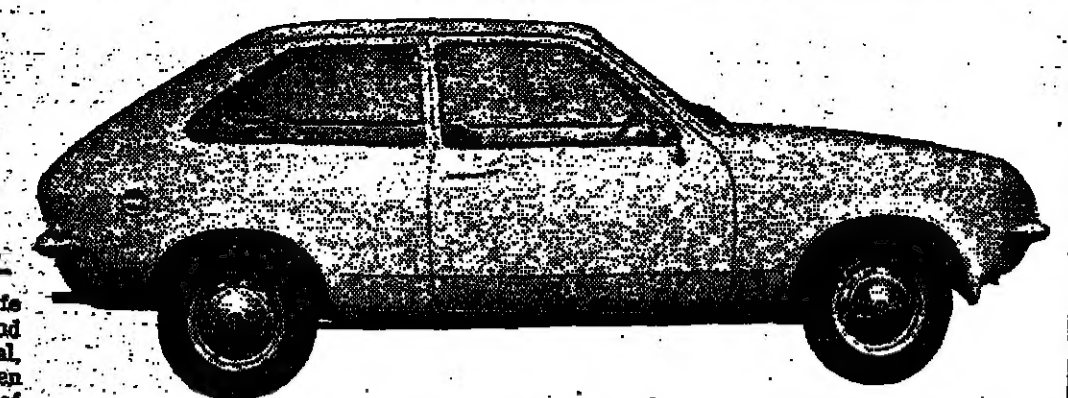
Motoring

Twin stars



BY STUART MARSHALL

TWO CARS are putting new life into Vauxhall—the Chevette and Cavalier. The Chevette is a real, British-made Vauxhall, even though it reflects a lot of General Motors and, specifically, Opel thinking. The Cavalier is simply a Vauxhall badged Opel Ascona, assembled in Belgium from German parts.

Together they account for well over half of Vauxhall sales in Britain. Chevette has almost displaced the Viva as Vauxhall's most popular model; and Cavalier *outsells* the ageing Victor and its derivatives by more than three to one.

The classic European three-door small car has a cross-mounted engine and front-wheel drive. The Chevette is the American idea of a small three-door. Its layout is conventional, with front engine and rear-wheel drive, but it is the best handling car Vauxhall has ever made. When the compromise between soft ride and good handling was being worked out, the designers came down in favour of handling. The Chevette corners with hardly any roll, steers with exceptional accuracy and is as nimble as a Mini in traffic—but at the expense of a rather knobbly back seat ride.

Firmer than normal rear springing would be forgivable in the Chevette even if it did not contribute to its excellent handling. With the seat folded down, it becomes a semi-estate, capable of swallowing up sacks of cement or garden rollers. But get someone to help you lift heavy loads over the high rear sill if you don't want to do yourself a mischief.

The Chevette is powered by the Viva's 1,256 cc engine and, predictably, it gives the smaller, lighter car a lively performance. Top speed of 90 mph, and 0-60 mph acceleration of 15 seconds, is about the same as that of a Ford Cortina 1600. Third gear is good for 70 mph and this is a quiet motorway cruising speed. Driven with an eye to economy, the Chevette will do close to 40 mpg; I averaged 33 mpg for a mixture of shopping, commuting and motorway.

The gearshift is quick and silky, the brakes (servo assisted) powerful and effortless and the 30 feet turning circle a great aid to parking. Opel style instrumentation is easy to read and the driving position is generally satisfactory, though the front seats rise as they go forward. This puts short drivers uncomfortably near the screen and makes the pillars more of a blind spot than they need be.

Equipment is comprehensive. Inertia reel seat belts, heated rear window, two-speed wipers and electric screenwash are all standard even on the cheapest (£1,818) Chevette L, though for cloth seats you have to move up-range to the GL (£1,922) and GLS (£2,104).

The Chevette is attracting a lot of buyers who probably would not have considered a Vauxhall before. At the moment, there is nothing else like it from a British maker.

The Vauxhall (née Opel) Cavalier looks so much like the Chevette from the front that, at 100 yards, I can't tell them apart. It also has the same lively controlability, with sharply accurate steering—and a rear axle that makes its presence felt over drain covers and potholes.

Two-door and four-door saloons are available with the 1.6 litre engine; four-door saloon or two-door coupé (the Opel Manta) bodywork with the 1.9 litre engine. I tried the four-door 1.6 GL, at £2,429 nearly £300 cheaper than the two-door "L" and only £60-odd more than the all-British Vauxhall Magnum 1800, that larger engined, better trimmed development of the Viva.

The driving position is typically Opel. The cloth seats are firmly upholstered and the traffic indicators-cum-lighting control, with a revolving switch on the end for wipers and washers, is on the left of the steering column. Visibility is excellent. Because the Ascona (sorry, Cavalier) does not follow the wedge-shaped fashion which has become the styling cliché of the 70s, you can even see some of the boot lid by turning your head.

It is easy to get in and out of through its four, wide opening doors and passengers in the rear have a fair amount of leg and knee room, even when the front seats are pushed well back.

On the road, the Cavalier feels exactly like the straightforward, highly developed car that it is. The ride is softer than the former Ascona's and any noise made by the steel belted radial tyres is well suppressed. There is not much wind roar, either, at 70 mph or even at an illicit 90 mph, when the engine is clearly hard working but still sounds fairly remote.

The gearbox is precise, with 50 mph available in second and over 70 mph in third. However, the Cavalier pulls well enough in top to make this kind of petrol wasting tactic unnecessary. During a week's use I got 27-28 mpg. This included a number of short runs after cold starting—conditions which do not favour a car with an automatic choke. Well over 30 mpg is possible on a longer journey.

The other kind of horses

ONE HUNDRED horsepower is much easier to control when you are sitting behind it than one horsepower when you are sitting on top of it. Horses have minds—and fears—of their own, a fact many road users fail to appreciate.

Attitudes of motorists to people riding horses vary enormously. A few are like the gentlemen who were driving a pair of Silcock and Colling articulated car transporters on the A267 on the Kent-Sussex boundary earlier this month. They know how their enormous, clanging vehicles can frighten the wits out of a normally traffic-proof horse. They slowed down and gave the pair of horses a wide berth. For which, may I say, the riders were truly grateful.

Others treat horses with as much—or as little—consideration as they would a parked car or slow moving vehicle. Like the oaf in a massive tanker who shot by the same pair of horses an hour later, this time on the A26, diesel roaring at a good 50 mph. I don't know which oil company employed him. Frankly, I was too busy stopping my one horsepower mount from going through the hedge. But I would have given a great deal to have changed places with him for a minute or two.

Why do they do it? In nine cases out of ten, probably due to a combination of thoughtlessness and impatience. Like the man in a Triumph 1500 I met in Warwickshire the other day. I had stopped in a country road to allow my companion to help a child on a frightened, rearing pony. Disregarding my hazard-warning flashers, he whipped through the narrow gap between my car and the pony. What can one do with people like that?

Also, the occasional driver deliberately goes out of his way to frighten the horse and discomfort the rider. Clearly, the old hang up about the squire on his horse and the peasant in the field lives on, even in an age when many primary school children have riding lessons as part of the curriculum. So the motorised peasant hits back from the safety of his car.

Riders are not always blameless, however. They forget they should keep in single file on busy roads, though exceptions have to be made. A nervous horse, for example, is safer on the inside, separated from the traffic by a steadier one.

And is it really sensible for an unaccompanied rider to try to take a horse across the traffic maelstrom of Hyde Park Corner? This week I saw an unfortunate girl vainly trying to halt the torrent to cross from the central island to Constitution Hill. Riding in the Row is still part of the London scene, and long may it remain so. But crossing into the Park must be supervised, not left to chance.

Golf

Elder's inspiring victory

BY BEN WRIGHT

LEE ELDER'S brilliant victory in the rain-affected Houston Open at the Woodlands Country Club last week-end more than ever emphasised the incredibly fine line between victory and defeat on the American tour. Because last Thursday's opening round was washed out, the qualifying axe fell on Saturday instead of Friday evening, and since 36 holes had to be squeezed in on Sunday only 50 players and ties were allowed to survive instead of the customary 70 or more.

The first and tenth tees used for the first two rounds of most tournaments as starting points were also pressed into service on the final day. And so it became immediately apparent that an early starter from the tenth tee could easily slip in at the ninth green early in the afternoon and set a target that would put the overnight leaders under intolerable pressure. This was exactly what happened.

Elder was drawn in the first group of the day to start from the first tee at 7 a.m., necessitating a 5 a.m. wake-up call. At this stage the best black golfer in the world was tied at two under par with seven others in 25th place among the 55 survivors, six strokes behind the overnight leader, Wally Armstrong, and five behind the man in such brilliant form, Hubert Green.

Green was obviously considered an odds-on favourite at this stage. He started from the 10th tee at 7.56 a.m., with Armstrong right behind him, last out at 8.04. But within minutes Green had virtually destroyed his chances irrevocably, having dropped a stroke at the first hole and then taken nine shots at the second, a none too difficult 384-yard par four. For the benefit of those hackers who derive much encouragement from such disasters, Green drove into the right-hand bunker, where from an awkward stance he shanked his ball into the woods.

Lee Elder in a huddle with Gary Player

From here he hacked it into an unplayable lie, lodged in a fork between two branches. Green proceeded from bunker to bunker at the front of and behind the putting surface, and finished with two putts. It is a measure of his courage and temperament that he played his remaining 34 holes in two under par, missing many birdie putts from less than 10 feet.

Meanwhile, Elder and his partner Charles Coody were emphasising the prime importance of the third round of any tournament by getting round in 67 apiece to share third place behind Armstrong and the rookie heavyweight George Burns. Burns, who turned professional almost immediately after playing in the victorious American team in the 1975 Walker Cup match at St. Andrews, quickly embarrassed still further the British and European professionals by winning the Scandinavian Enterprises Open and Irish Kerrygold professional events.

After graduating at the autumn 1975 USPGA school, Burns quickly made his presence felt at home. Going into the Houston Open he had already earned over $30,000 this year. A double bogey six at his last hole before lunch on Sunday, the ninth, deprived him of the outright lead, and perhaps cost him the chance of his first American victory as a professional. For as Burns went into lunch a glance at the leader board told him that Elder had already passed by him early in his final round.

Miller, Barber, who had been the third and only other player to break 70 before lunch, scoring 69, was soon making a move at the leaders. But Elder was to post his total first, bringing in a 69 for a ten under par 278, and showing his rivals exactly what they had to do as he sat down in front of a television set to watch them try to catch him.

Barber drew level with Elder with a glorious three wood second shot at the 520 yards 16th that pulled up less than a yard from the hole for an eagle three. But this experienced and wily campaigner inexplicably hooked into the woods at the 17th, and hit trees trying to bite off too much with his recovery. Having known what he had to do and failed to do it under pressure, Barber disconsolately made another costly blunder at the last to tie for fifth place.

Burns, who had birdied three of the first four holes to get right back into the picture, also found the pressure in the finishing stretch altogether too much, and it was his putter that destroyed him when he became the only other player with a chance to catch Elder. Burns three-putted four times with some distinctly nervous, jerky prods from close range, particularly at the 15th, 16th and 17th holes, but he is certain to win sooner rather than later.

And so he will go back to Augusta for the Masters tournament next April determined to expunge the memory of his 1975 failure to make the cut when the eyes of the world were upon him. As the first black ever to play in the Masters, the pressure on Elder then was appalling. But this likeable man is confident now that his previous lone victory was no flash in the pan, and that he is capable of both winning again and giving a good account of himself at Augusta.

Why are there still so few good black golfers? After all, black sportsmen are predominant on the athletics field, in basketball, and in American football, to name but three sports. Of course opportunity would be a fine thing, and sponsors for black golfers are obviously in the minority.

The fact that so few blacks are on the tour, except as caddies, increases the pressures on those few. But each victory will inspire more of them to progress from the caddie shed.

Bridge

I AM told, sometimes by readers, sometimes by friends with whom I play, that they find squeeze play confusing, so today I am going to discuss in some detail the mechanics of the Double Squeeze. The operation of any squeeze is simple—it is the recognition of a squeeze possibility and the preparation for it that is the real problem. The deal below comes from a match at championship level:

N.
♠ A K 8 6 3
♡ 7
◇ K 9 5 4
♣ 10 9 8

W.
♠ Q 9 7 4
♡ 9 2
◇ Q 8 2
♣ A 6 5 2

E.
♠ J 2
♡ 8 5 3
◇ 10 6 3
♣ K Q 7 4 3

S.
♠ 10 5
♡ A K Q J 10 6 4
◇ A J 7
♣ J

With both sides vulnerable, South dealt and opened the bidding with two hearts, an Acol bid, forcing for one round. North gave a positive response of two spades, South rebid three hearts, and North said three spades. Now the opener bid four diamonds, and after a five diamond response from his partner he jumped to six hearts, which concluded the auction.

West decided to lead the club Ace, on which East dropped the seven, and continued with the two to the Queen. The declarer ruffed and drew three rounds of trumps, discarding a spade and a diamond from the table, while West parted with a club.

There are eleven top tricks. The weak player looks to the diamond finesse to provide the twelfth trick, the fair player sees that he can set up a spade winner if the suit breaks 3-3, but the expert, even at this stage, sees that a double squeeze is a distinct possibility if the spades break 4-2.

However, he first tries to set up a spade by cashing Ace and King, and ruffing a low spade. On the third spade East throws a low club, and at this point the declarer *knows* that the Knave of diamonds will provide the twelfth trick, no matter where the Queen lies.

It might be helpful to see the present position:

N.
♠ 8
♡ —
◇ K 9 5
♣ 10

W.
♠ Q
♡ —
◇ Q 8 2
♣ 6

E.
♠ —
♡ —
◇ 10 6 3
♣ K 7

S.
♠ —
♡ J 10
◇ A J 7
♣ —

At the ninth trick the declarer plays his Knave of hearts, throwing the five of diamonds from the table. Neither West not East have any problems at this point, for they can each part with a low club. On the next heart West must keep his spade Queen, so he has to let go a diamond. The declarer discards the eight of spades from the table—it has served its purpose, and is no longer needed. Now it is East's turns to feel the pressure—he must hold on to his club King—so he, too, throws a diamond.

South leads a diamond to dummy's King, and at this moment he knows that West has the Queen of spades and one diamond, and that East has the King of clubs and one diamond. He leads dummy's last diamond, and plays the Ace from his own hand in the certain knowledge that the Queen will drop either on his right or on his left.

This particular form of the Double Squeeze is called simultaneous, because both defenders are squeezed at the same trick. I hope that this discussion has made it easier for you to recognise and execute it.

E. P. C. COTTER

Travel

The other face of France

BY PAUL MARTIN

IT IS A great pity that many visitors to France tend to congregate in the cities and resorts that are household names. At a time, too, when more and more British holidaymakers will be heading out across the Channel to our nearest European neighbour, two recent developments now make it easier than it used to be to sample and savour the less familiar face of France.

No stretch of water is busier than the Channel and, bearing in mind the high cost of petrol and the tolls on the autoroutes, a little preliminary planning and the choice of a cross-channel route that cuts down the travelling time in France, are important considerations.

In addition to the routes already operated by Sealink, Townsend Thoresen and Normandy Ferries, the opening of a direct service from Plymouth to Roscoff makes it easy for anyone living in the West Country to go over with Brittany Ferries to a part of the coast which, for the very reason that it is lesser known, is not likely to get quite as crowded as other parts of Brittany during the few high season weeks when the French take to the roads en masse.

Quite apart from the number of new routes now available—the Sealink service from Weymouth to Cherbourg provides an easy run down the Cotentin Peninsula — several specialist tour operators have introduced programmes, based on a whole series of fly-drive permutations that, keeping well away from the autoroute network, help you to capture some of the true flavour of rural France.

It provides a welcome escape from the inevitably impersonal approach of major hotel chains to stay in a country inn which is privately owned, where the patron still retains a personal pride in serving up his own gastronomic specialities and where, even if you arrive in the late evening, you are greeting with warmth and charm. It brings a welcome return to a world where the individual matters and where you are made to feel a guest in the true sense of the word.

One of my own favourite areas in France is quite close to the major international resort of La Baule in the south of Brittany and close to the point where the lovely Loire meets the open sea.

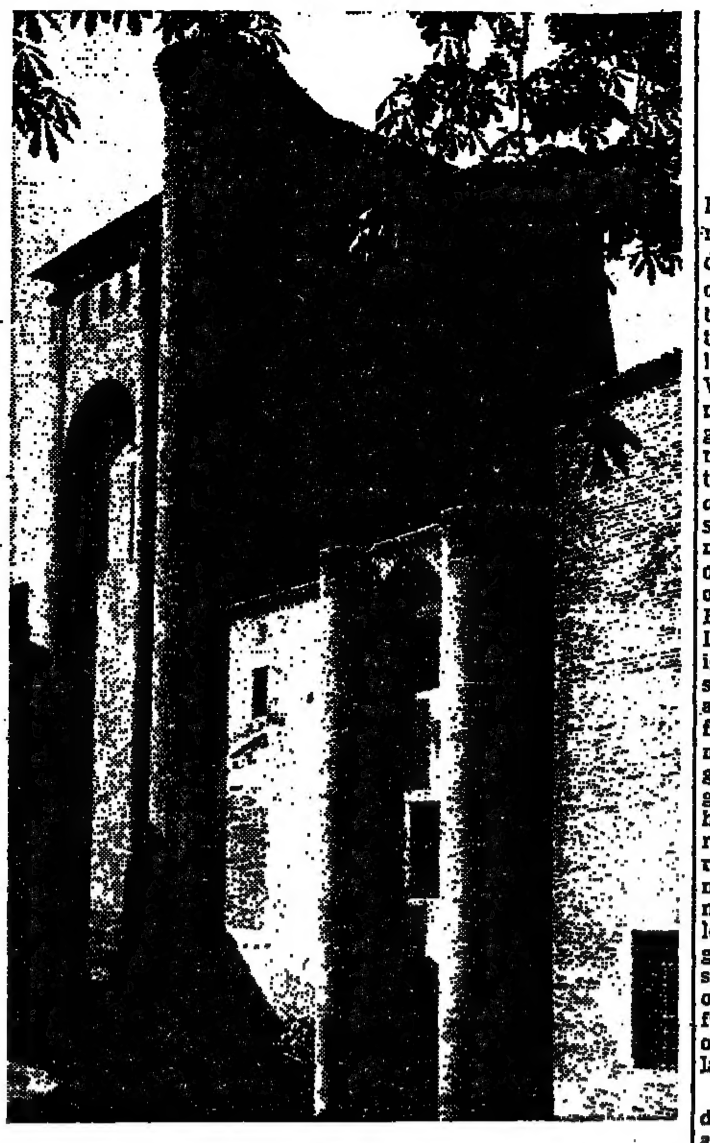
La Baule, an early purpose-built resort, was designed some 50 years ago as an exclusive international pleasure city by the sea.

International sporting events are staged there and the elegance of the famour Paris fashion houses is reflected in the boutiquess in the town. But La Baule has become so truly international that little of the real France remains there.

I prefer to make my base at the fishing port of Le Croisic, only a short distance away round the headland. The road runs out beyond the fishing port of Le Pouliguen and past the deserted beauty of Les Marais Salants where the water on the salt pans seems strangely still.

Le Croisic is much more a working fishing port than a resort, the kind of place where you can fix up a fishing trip in a local cafe and where the return of the fleet is one of the day's highlights. I spent a fascinating morning exploring the oyster beds before sampling the product in one of the restaurants along the quay and near the fish market. There is also a beach area round the other side of the little promontory and away from the harbour.

It was in the unseasonable month of January that I first discovered and was enchanted by Albi, north-east of Toulouse and near the Gorges du Tarn. This small and completely provincial French city is dominated by the massive rose-pink cathedral that stands on a commanding position high above the River Tarn. Its role as a fortress church now belongs to a distant past and the building's external severity does not prepare one for the sheer splendour of the interior.



Albi cathedral

From outside the windows are inconspicuous yet, within, there is a brilliance of blue and a great fresco of the Last Judgement. Close at hand, in the former Archbishop's Palace, is gathered together a representative collection of the works of Albi's most famous son, Henri de Toulouse-Lautrec.

Here, in addition to the familiar scenes depicting characters from the show business of fin-de-siècle Paris, are some of his earlier works that date from the period before he found fame as probably the greatest poster artist of al time.

Whether you travel independently with your motor-car or on some of the specialist packages introduced by several major tour operators, a few hours" study of a fairly large-scale local map can bring you the rewarding dividend that awaits those who discover for themselves some of the hidden charms to be found in a hill village where, out of season, the timeless life of rural France makes few outward concessions to the visitor from abroad, more truly a traveller than a tourist.

The tour operators listed below have all devised imaginative programmes, some of them including car hire, which offer the financial advantage of all-in arrangements to those parts of France which, for many of us, still remain pleasantly off the beaten track.

France wnth a Difference, Co xand Kings Ltd., 46 Marshall Street, London W1V 2PA.

French Government Tourist Office, 178 Piccadilly, London W1V 0AL.

French Leave, Thomas Cook Ltd., 45 Berkeley Street, London W.1.

Romanic Tours, 36/38 New Broad Street, London EC2M 7A.

James Vance Ltd., 421 Edgware Road, London NW9 0HS.

Your weekend £: Austria 32.5, Belgium 71.25, France 8.44, Italy 1,678, Greece 63.5, Spain 118.25, Switzerland 4.46, U.S. 1.8175. Source: Thomas Cook.

Gardening

Be kind to rhododendrons

BY A. G. L. HELLYER

FOR THE NEXT few weeks rhododendrons will be the dominant flower in quite a lot of gardens and it is worth while taking a close look at them for they are a much more varied lot than most people imagine. When people say that they do not like rhododendrons it generally turns out that what they really have in mind are the hardy hybrids and *Rhododendron ponticum*. This is not surprising since there are far more of these about than any other type. *Ponticum* is the only species to have adopted the British Isles as a new home. In many places where the soil is even moderately acid it spreads of its own accord like a native, seedlings springing up freely all over the place and making useful ground cover for game. As a flower it has no great quality but it is very hardy, blooms freely and its restricted colour range is cool rather than spectacular, soft mauves and gentle purples with never a strident hue among the lot. Perhaps we should be grateful that it was this quiet shrub from Asia Minor and not one of the gaudier beauties from further east that decided to take over whole tracts of British landscape.

Many of the Himalayan rhododendrons proved either to be a little tender or to flower so early that their flowers were at risk from the spring frosts which are such a troublesome feature of the climate of many parts of Britain. Only near the sea, and particularly in the west, were some of them completely satisfactory, though it must be added that since then many other wild rhododendrons have been introduced which are neither tender nor early flowering.

Still it was the frost danger that made some of the early commercial breeders set themselves the ideal of producing new hybrids that would combine the flower size and colour range of the best Asiatic varieties with the hardiness and relative late flowering of the American rhododendrons. The Hardy Hybrids were the result and they really are a remarkable lot, as tough as *Ponticum* itself and like it flowering in June or at earliest late May when the risk of damaging frost is rapidly diminishing. But on the debit side it has to be admitted that except in flower colour, they do tend to look a bit alike. Most make big, dome-shaped bushes with large evergreen leaves that are rather dull in colour. When in bloom there is nothing to surpass a plantation of Hardy Hybrids for colour, but out of bloom they can be depressing, even more so than laurel since most of them lack the leaf shine which makes the laurel such a good evergreen.

The pity is that so many people run away with the idea that this is all there is to rhododendrons. In fact they are an astonishingly varied lot, ranging from creeping plants to trees, some with tiny leaves, some very large, with flowers in all manner of shapes quite unlike the neat beehive clusters of the Hardy Hybrids. Some are narow dangling tubes as in *R. cinnabarinum* and its elegant offspring Lady Chamberlain and Lady Roseberry. Some, like Fabia, seem to have one flower tucked inside another, a hose-in hose effect caused by the enlargement and colouring of the calyx segments so that they look like short petals.

Then there are shapely bell flowers as in *Rhododendron williamsianum* and its numerous progency, such as Cowslip, Brocade and Temple Belle. Others, such as *R. racemosum* and Blue Tit have quite small flowers in clusters, very freely produced so that the whole bush is covered with them and yet others, such as *R. leucaspis*, have flowers that open almost flat like the saucers in a dolls tea service.

On top of this there are all the azaleas, which are also rhododendrons, though gardeners have quite sensibly decided to give them their own distinctive name. It would not surprise me if one day botanists follow suit. Many of these azaleas are deciduous and among these are flower shades of flame and coppery red or orange not found in the evergreen rhododendrons.

So if you think you are one of those who dislike rhododendrons look around these next few weeks and take note of those that do not follow the rhododendron norm, if norm is the right word for what is really the characteristic of plants as assiduously man-made as the Hardy Hybrids. Apart from the scores of fine privately owned rhododendron collections that will be open these next few weeks there are plenty to be seen in the public parks and in places such as the Savill Garden and Valley Gardens Windsor Great Park, as well as in botanic gardens such as Kew, Edinburgh and their respective offshoots Wakehurst Place, Ardingly, Sussex; Logan, near Stranraer, Dumfries and Galloway; and Benmore near Dunoon, Strathclyde. Scotland excels in its rhododendron collections, for the moist climate suits them and the warm sea water of the west coast protects against frost and gives even the tender kinds and those that flower early a chance to show their paces.

The frosts of May

IT IS NOT ONLY rhododendron flowers that can suffer severely from frost. Fruit blossom can be damaged in just the same way and hard night frosts in May are the most common cause of failure to fruit. Since most of the damage occurs around dawn and all trace of frost has disappeared by the time many people got up, it is also a cause of failure that often goes undetected. Unlike the rhododendron flowers, which are usually spectacularly destroyed, fruit blossom can appear unharmed until it is examined closely when blackness at the centre of each bloom reveals that the pistil has been destroyed. Without it there is no hope of the flower being fertilised and a fruit forming.

So what can be done about it? First, of course, one should avoid planting fruit bushes, strawberries and raspberries in valley bottoms and other low lying places in which cold air collects on still frosty nights. But that, in May, is fairly useless advice if the plants are already growing in one's garden.

It does not take a great deal of protection to ward off the kind of short duration frosts we are likely to experience these next few weeks. Years ago gardeners used to keep their old cotton lace curtains to throw over fruit bushes. The old nylon ones serve equally well, though more inclined to slip, or one of the fine mesh plastic nets sold for shading and wind protection will do just as well. Strawberries can be completely protected with tunnel cloches formed of polythene film stretched over wire loops and these will also keep off birds and ensure an earlier, and therefore more valuable, crop. Paper will do if some means can be devised for holding it in place. If all else fails there is the rather bizarre possibility of turning on a sprinkler for a few hours. The bushes may be covered in icicles in the morning but it is likely that the blossom will be unharmed.

Do not forget that potatoes are also at risk. Draw soil from between the rows to cover the emerging shoots and keep on doing this until the end of the month.

Coins — Gold standards

A CURIOUS paradox of the 18th century was that coinage, while becoming much more widely used than previously, also became relatively less important as a form of money. The traditional idea of a currency based on gold and silver was severely dented by inflation which made it no longer economic to mint pennies in silver, and the Government's reluctance to sanction the production of low denominations in copper gave rise to the numerous tradesmen's tokens of the period.

Between 1797 and 1813 no guineas were struck by the Royal Mint, but gold seven-shilling pieces or third-guineas were minted during that period to help relieve the shortage of silver coins. A further emergency measure was the circulation of Spanish silver dollars with the king's profile countermarked. In 1804 Spanish dollars were entirely restruck and issued as Bank of England dollars, with the profile of George III on the obverse and Britannia on the reverse. Examples showing traces of the original design are worth a good premium.

In 1811 the Bank of England produced token silver coins in denominations of 1s 6d and 3s. These coins paved the way for the recoinage of 1816 when the entire system of copper, silver and gold coins was drastically overhauled. The new silver coins were deliberately struck underweight and their acceptance as legal tender strictly limited. Thenceforward British silver coins, while still minted in sterling silver, were mere tokens with the status of fiduciary coinage, and increased emphasis was laid on the gold coins.

The guinea, which had been standardised at 21s since 1717, was retained only as money of account and new coins tariffed at 20s, were adopted. These radical changes in the monetary system coincided with the transfer of minting operations from the Tower of London to the new Royal Mint on Tower Hill. The transfer also coincided with the appointment of Thomas Wyon as chief engraver and the establishment of a long line of artists who were to dominate British coin and medal design for many decades. Wyon engraved the dies for the powerful "bull-head" profiles of George III used for the early versions of the half-crown, shilling and sixpence.

Hitherto the design of British coins was strongly influenced by Flemish and German craftsmen whose predilection for ample and heavy proportions, especially in portraiture, gave the coinage a distinctly Teutonic character. The Prince Regent, however, was an ardent devotee of contemporary Italian art and it was his patronage which established a penniless Italian refugee, Benedetto Pistrucci, as a kind of informal designer-extraordinary at the Royal Mint. Pistrucci had been trained as a gem-cutter and had a fine contempt for the exacting disciplines of die-engraving—an attitude which brought him into constant conflict with Thomas Wyon. After Wyon's death in 1817 Pistrucci actually engraved some of the coinage dies himself, producing a more sensitive version of the famous "bull-head."

He also engraved the dies for the early coinage of George IV. Pistrucci's profile of the new king was a masterpiece of character study, but George IV took a dislike to it and requested that Pistrucci model a new profile from the bust by Chantrey. Pistrucci refused and the work passed to William Wyon who produced the gentler, bare-headed portrait of 1824. Henceforth Pistrucci was confined to medallic work and it is idle to speculate what masterpieces he might have produced had he had a free hand in coinage design.

As it is, there is sufficient of Pistrucci's coinage work to tantalise us. For the reverse of the sovereign and the crown he created one of the most successful coin designs ever. A waiter from Brunet's Hotel in Leicester Square is said to have posed for the model of St George, resulting in one of the most spirited reverse designs of all time. Though the St George and Dragon motif was superseded by a draped shield in 1831 it was revived in 18[illegible] and has continued to grace the British gold coins ever since. As a crown reverse it was used as recently as 1951 for the Festival of Britain commemorative issue.

A pattern £5 piece by Pistrucci bearing his name in full and dated in the last year of George III (1820) is the star item in Glendining's sale of British gold coins from George III to Elizabeth II, on Wednesday. Only 25 examples are believed to have been struck of this magnificent piece, and 60 of the companion £2 piece which features in the same sale.

JAMES MACKA[illegible]

CINEMAS ARE CONTINUED ON PAGE 5

هكذا من الأصل

How to spend it by Lucia van der Post

The six-day tour

An old Yemenite jew working on a piece of traditional jewellery.

MONDAY

We are five journalists, two accompanying *public relations consultants* and a handsome, blond American Israeli who is to drive us around Israel for the next five days in his mini-bus. Rather like *children let out of school for an away match* we are in exuberant mood as we leave Jerusalem for an interview with Shimon Peres, the Defence Minister, in Tel Aviv.

We soon sober up, however, when Nick, our driver, points to the burned-out tanks that line the sides of the road and tells us that these were manned by 13- and 14-year-olds who died trying to keep supplies into Jerusalem going during the war of liberation. He tells us, too, that he came to Israel ten years ago, when he was 19, since when he has spent three years on a Kibbutz, three years doing his military service and fought in three wars. Only an Israeli could probably understand how a young man from the most prosperous nation in the world could choose to spend those years like that.

We begin to get the feel of what life in Israel is really like. Shimon Peres tells us that 40 per cent. of the gross national product goes on arms, tax is running at 70 per cent. of income and the burden of army service, each man has to spend up to 90 days a year with the army, bits at every family.

His mood is sombre, philosophical but not *without hope.* "The West to-day is influenced by the philosophies of Solzhenitsyn and Mao Tse-Tung; apart from them, there is emptiness. There are no other leaders."

Back in Jerusalem we lunch with Esther Herlitz, an exceedingly lively member of the Knesset. She thinks Israel's famed image as the golden land of equality between men and women *is ill-founded.* "The army and Golda Meir between them have blurred the issue." There are only nine women members in the Knesset and few have access to the inner circles of power, while the problems of ordinary women in coping with jobs, which they all have, as well as families, is acute.

She tells a sad joke that sums up Israel's dilemma: When Brezhnev arrives at the gates of heaven he asks God, with tears in his eyes, when will we have wheat? In 40 years says God. Ford, when he arrives, asks, when will we have true detente? and God says in 50 years. But when Prime Minister Rabin arrives at the gates and asks when will we have peace with the Arabs? God begins to cry.

In the evening we go to a party given by a journalist couple living in Jerusalem. It is clear that to keep the average family enjoying a reasonable standard of living requires two incomes. All the Israeli woman I meet have jobs, while the homes are attractive, clean, well-furnished but not luxurious.

Several facts stick in my mind. The editor *of The Jerusalem Post* tells me that he sells between 30 and 40,000 copies a day, has a staff of 60 and makes quite healthy profits. How does he do it? A leading *children's heart surgeon,* expensively trained in Israel and abroad, tells me that he earns £200 a month. In America, he says ruefully, he could easily earn about £50,000 *a year.* So why does he stay? He points to the Mount of Olives and says his ancestors have been buried there for the past 600 years and he wants to work beside it and be buried on it. A woman tells me her seven-year-old son still wakes screaming in the night, remembering his fears during the War of Atonement.

TUESDAY

I go to see some of the shops in old Jerusalem and it is here that the avid shopper should make for on a visit to the city. There are more artists in Israel than butchers, I learn, and the art is certainly of a high standard. Books, too, are relatively cheap and often beautifully produced.

If you're hungry while shopping the thing to buy off the *street traders (many of whom* will be Arab) is a Falafel (I can't say I liked it very much but it is the ethnic food and is nourishing). A Falafel is an envelope of pitta bread *filled with salad, deep-fried* chick peas and tahini paste.

Israel, I suppose because it has so many dire problems, seems to consist of a mass of co-operative ventures, all designed for mutual help.

For instance, in Jerusalem, the House of Quality is a semi-official organisation that provides artists with some of the lowest rents in Jerusalem. There they work, design and make their individual wares and once given the official seal of approval (which depends on quality) they may exhibit in the Exhibition Hall and then sell their goods. Israeli jewellery seems to be developing interesting qualities of its own and Hannah Behar Paneth, a young jeweller working in the House of Quality, tells me that she is now using a new technique of electroplating to produce large and chunky designs that are nonetheless light and flexible to wear.

I also visit an admirable organisation called Lifeline for the Old which started virtually as a charitable venture but is now a thriving business. It was designed to create a community where new immigrants, in particular Oriental Jews, who often had not been taught to read or write, could come and use their skills to produce saleable objects. The standard of end-product varies but it is an imaginative, fruitful scheme that has, literally, been a lifeline for hundreds of the old, handicapped and disabled.

I lunch with Michel Gidron from the tourist board and he tells me that that morning the government has approved charter flights to Israel. Until now opposition *from* El Al has kept them almost totally banned. This means that holidays in Israel should now be possible for a great many more people. Eilat, one of the few reliably hot centres in winter that is *reasonably close to Europe, should* be in for a bonanza.

In the afternoon we have a quick tour outside Jerusalem and I learn that Jews from all over the world hope to be buried on the Mount of Olives where they will be among the first to hear the Messiah's call. I am told, though nobody can confirm it, that the cost of a burial plot there is now $2,000, payable in foreign currency.

In the early evening we have tea with *the Prime Minister and Mrs. Rabin.* The official residence is a typically Israeli combination of simplicity and dignity. I am struck at how little money everybody has *and how that doesn't mean that things* look squalid or shabby. Israelis, of course, think we British are so lucky just to be worried about money and not to have *grave matters, like our physical survival,* at stake. Prime Minister Rabin talks too about the sacrifices that are and will go on having to be made.

Mrs. Rabin is dressed in silk and wears Gucci shoes and that makes me realise how few of the London status symbols I've seen since I've been here. Simple clothes, jeans very often, are the natural order of the day.

The Prime Minister talks to us with only one Press aide present and when the phone rings he gets up to answer it himself. There seems no battery of aides and servants though the entrance bristles with soldiers with guns.

"In Israel," he says, "there is real equality of blood. The university professor fights alongside the taxi-driver, the property developer next to the docker. There is very little leisure and very little pleasure. When you ask much of a people, the real problem is to ask justly of each."

WEDNESDAY

We set off for Masada and on our way we drive along the Dead Sea. We learn that if we should meet a Bedouin we must not ask after his wives and daughters. "How's your father and how are your sons?" is the traditional greeting.

We pass through the driest, dustiest looking land on earth and from time to time we come upon the Kibbutzim that have been backed out of the earth. Fish farms, date palms, peppers, tomatoes, cucumbers, chickens all flourishing where once there was nothing. The back-to-the-earth movement started here way back in the last century but it is not the simple movement we might think—it is now backed by vast technology, much research and great resource.

Farmers in Israel tend not to be traditional conservatives. They've often come from the cities, frequently are well-educated with scientific degrees and they apply *not* only their ideology but their science to the problems. Plastic has revolutionised the yields. Their greatest success is the avocado—10 years ago they exported 400 tons in a year, now they export 800 tons a week. Germany, for some strange reason, has not taken to the avocado. Only 2 per cent. of Germans know what it is, whereas 35-40 per cent. of the British would recognise it.

Every year agricultural produce grows by 20 per cent. and they hope now to do for the watermelon and for celery what they did for the avocado.

THURSDAY

I set out for Tel Aviv where Karni Ness of the Israeli Food Export Bureau sees at once that I'm a bit tired of officialdom and want to see some shops. She makes sure we cover the official business and then we set off for the Flea market of Jaffa. She knows every stall-holder and tells me it's the place to shop for presents but she impresses upon me the need to bargain. In the event I'm quite unable to do it so over my only purchase, an allegedly ancient necklace of amber beads and Persian silver, she negotiates very toughly bringing the price down from £35 to £20—a bargain she tells me.

The things to buy are anything handmade that you like, leather, jewellery, clothes, Yemenite embroidery (often really beautiful). I liked most the jewellery, in particular the amber.

We also go to the newly-restored and very beautiful old town of Jaffa where everything is very desirable.

Many of the shops seemed to me over-priced but nobody could go there without being tempted. For those who want to buy genuinely old rarities it is wise to go only to government licensed shops—copies and clever imitations are everywhere. Antiquarium in old Jaffa specialises in "ancient glass and Judaica." Most of their things are expensive but they have an old pottery oil lamp from the Byzantine for $8 old Sidonic glass starting at $40 or $50. Ancient coins start at about $8. Every piece must be stamped by the government to show it may leave the country.

In the afternoon we go to Maskit, a very famous Israeli enterprise founded by Ruth Dayan. It was originally started more as a form of social welfare to find work for the many immigrants pouring into Israel. Now it has become internationally recognised for the standard of its designs.

The crafts of the various immigrants (like the weaving from Morocco, the jewellery-making of the Yemenites, knitting from Yugoslavia, embroidery from the Balkans) are used and encouraged but the *overall designs are supervised by Ruth* Dayan and her designers.

Almost all the best Israeli products emanate from Maskit—whether it be carpets, coats, *jewellery, hand-embroidered kaftans* or children's wear: and they are exported all over the world.

They now have seven stores in Israel, their own workshops and a turnover of some £50m. per year.

This biconical jug from the late bronze period was found in Lachish. It is 3,300 years old and has a pink, red, cream decoration. It is just one of the genuinely old pieces of Judaica sold by Antiquarium of 1, Simtat Mazal Taleh, Old City of Jaffa.

FRIDAY

We set out from Caesaria and after lunch at a seaside restaurant we drive up into *the Galilee to stay in a Kibbutz for the* night. I am bitterly disappointed for it corresponds to nothing like my idea of a Kibbutz—we stay in an ordinary motel which is run by the Kibbutz as a business. No sleeping or eating rough, no mingling with the people who live there, just like being in another hotel.

The idea behind the Kibbutz is explained to us as being pure Marx—everybody works according to his ability and everybody receives according to his needs. It all seems very earnest but it seems to work. They've been going successfully since the State was founded and the proportion living in Kibbutzim remains fairly static—somewhere between 3 and 4 *per cent.* of the population, rising proportionately as the population does. However, they've adapted over the years and it is no longer sacrilege *to have tea in your own room and most* apartments have their own kitchenettes, radios, stereos and fridges.

Kibbutzim produce over 35 per cent. of the *food of Israel and organise 20 per cent of* industry.

SATURDAY

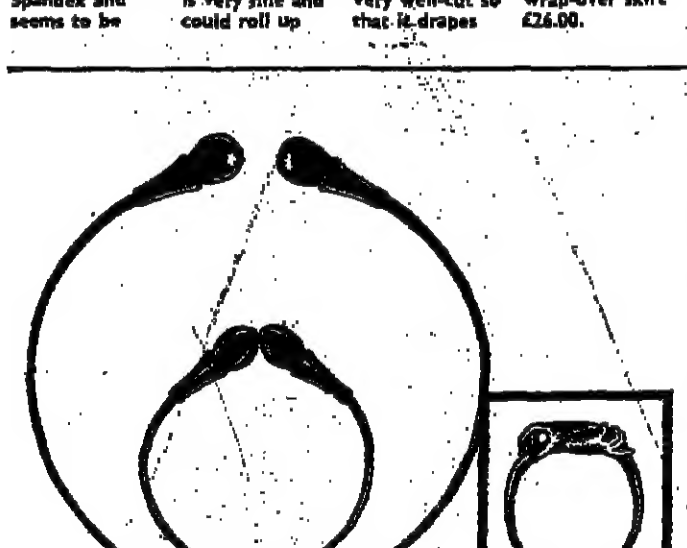
We drive up to the Golan Heights, and Nick describes vividly the battles fought before it was won while outside the rain pours down. The mist closes in and we never get to see the view the Syrians used to have over the Galilee.

On our way back to Tel Aviv we stop to have lunch in Nazareth at a restaurant recommended by Nick. It's run by Abu Nassar who is a Rotarian Catholic Arab *which seems to sum up a lot of the* complexities of Israel to-day. Abu Nassar gives us a typically Israeli meal—a mixture of dips like Homous and Tabini *and Pitta bread, followed by kebabs and salad.*

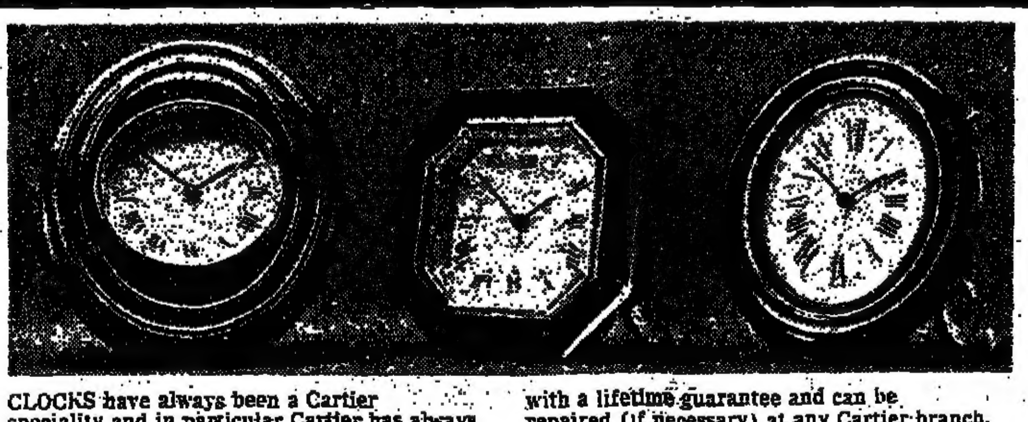
We set off for Tel Aviv and our plane back to London. In the plane I read that Syrian troops are said to be massing behind the Golan Heights again. Britain's problems don't seem to loom very large any more.

Pictures: Murray Irving

The Israelis have made a big effort over fashion in the last few years and in particular they seem to excel at leisurewear of every sort. The one-piece swimsuit and kaftan-like cover-up photographed *here are part of* a mini holiday wardrobe which could also include a *bikini* and a wrap-round skirt. The fabric is 80 per cent. nylon and 20 per cent. Spandex and seems to be almost completely uncrushable. It is very fine and could roll up almost into a small ball. The kaftan is, I think, very well-cut so that it drapes beautifully and is just the kind of garment one needs on holiday to put on when one goes into lunch but doesn't feel like changing. There is a big range of colours and the whole collection is available from Selfridges who *will deal with* mail order queries. The bikini is £14.99, the one-piece bathing suit is £19.99, the kaftan is £49.99 and the wrap-over skirt £26.00.



Most modern Israeli jewellery is made from silver and the styles are as various as the people who make it. This collection is how I *like it best—relatively simple. The silver hand-ring is £5.00,* the bracelet and necklet both have a Roman feeling to them and are £15 and £21 respectively. From Selfridges and Fenwicks of London.



CLOCKS have always been a Cartier speciality and in particular Cartier has always been fascinated by the travelling clock. Les Must de Cartier, now trying to appeal to a more youthful public, is just stocking these three new Cartier travelling clocks. As you can see they are all based on the *shape of the Cartier watches they are* called after (I suppose if you are rich enough you have the travelling clock that matches your wristwatch). They have the same enamel faces, roman figures, sword-shaped hands and sapphire winders that are found on the watches.

As Cartier adherents will already know, all Cartier watches and lighters come with a lifetime guarantee and can be repaired (if necessary) at any Cartier branch.

The clocks have an eight-day movement and the alarm will repeat automatically each day at the same time if required. The clocks are gilded and lacquered in black, red, tortoiseshell, ivory or lapis and the *supports* are in the shape of the Cartier C. The cases are in the traditional Cartier red. The clocks are all roughly the same size, measuring about 3¼" high and 3" across. From left *to right they are:* Baignoire £105, Ceinture £125 and Ellipse £145. They're all from Les Must de Cartier stockists and in particular from 20 Albemarle Street, London, W.1.

For summer blooms

With summer flowers more easily to be had, either from one's own garden or from the *florists,* here is an attractive range of Portuguese vases specially designed to hold a few rose buds, though anything else would look equally attractive in them. The vases are of white pottery with a bamboo decoration to them and they are to be found at a large selection of shops—General Trading Company, 144, Sloane Street, London, S.E.1., Etcetera Gift Boutique, 47 Golders Green Road, London, N.W.11, and The Villager Ltd., 47, Montpelier Vale, Blackheath, London, S.E.3. The vase for three blooms sells at £2.40, for four blooms it is £3.10.

Postscript

● If there are any readers left who would like to order the dress we featured on April 3 this is the last week for which we can take orders—as the hand-loomed cotton comes from Thailand it is *difficult to order dresses in ones* and twos. If there is anybody left who still wants one (they cost £15.40, inclusive of postage, and come in red, black and white with the option of a hand-embroidered initial on the left breast-pocket) could they please order by the end of next week. After that the offer is closed.

● London readers always seem to like the annual Spring Fair, organised by the International Social Service of Great Britain, so those who have come to look out for it might like to know that it is being held on Thursday May 13 at Chelsea Old Town Hall and the Chenil Galleries. Inter*national Social Service* is a charity which copes with all the complicated problems that arise when families are split, children become separated from parents, and a number of countries, with different legal and cultural backgrounds, are involved.

The annual fair raises money to help finance the charity but besides this worthy cause there are always masses of colourful and attractive presents, foods, clothes and antiques to buy. Almost all the Ambassadors' wives contribute products and produce from their countries so that there is a very wide selection. This year there will be leather from Argentina, skis from Austria, gold and aquamarine jewellery from Brazil, sun-hats from Colombia, wall-*hangings and cushions from Fiji,* worry beads from Greece, fishermen's smocks from Wales, ponchos from Peru, ceramics *from Iran—the list is almost* endless.

ESTATES AND FARMS

Property

Home and income

BY JOE RENNISON

SO MR. HEALEY has struck again. While the new incomes policy may be good for the country as a whole it is almost certain that, even given a small increase in salary, most of us will be feeling a great deal poorer in 12 months' time. Although the rate of inflation, we are told, is falling fast it is still riding at a high enough rate to quickly wipe out the taxation and wage gains that have been promised.

It is a policy which is certain to upset the housing market in several ways, and in particular it will show itself to be at odds with what is supposed to be official housing policy. The two policies — overall economic strategy and a healthy housing market—are obvious irreconcilable, apart from one aspect, which is that the Government's economic policy may be aimed at making us spend less money. In the case of the housing market and construction industry this aspect of the policy will be followed down the line.

The weakness is, however, that whereas the macro-policy is aimed at reducing unemployment, it will have just the opposite effect on the people employed in the house building sector. The Government cannot have the best of both worlds.

The house building sector is almost unique in that the product provided is financed over a long term and with large sums of money. These sums of money have to be borrowed and are dependent upon the week-to-week or month-to-month real income of the borrower. It is probable that real income will go down even more than it has over the last year in the coming 12 or 18 months. So how are the houses to be paid for?

This obviously depends on individual use of disposable income. But it would seem that there is very little scope left now for that income to be deployed in any way that would make it more advantageous for the potential house buyer. Household budgets are already tightly squeezed and it would seem that they can only be even more crushed.

I have said in the past that the squeeze will affect those buying lower priced houses least simply because the borrowing requirement is also less. But that was when all were limited to the same £6 increase in wage or salaries.

With the latest pay deal it would seem that the weakest will be the greatest sufferers since inflation for basic commodities is the same for us all. The man who is given a wage increase of £3.50 a week will be considerably less well off than his peer getting £4 a week as far as ability to purchase a house is concerned. Moreover his ability to maintain that house is impaired.

This is to assume that they both want houses of the same value, the same rateable value and needing the same amount to keep them in decent condition. But the basic argument still applies that the value of all houses in the this lower-to-middle bracket is unlikely to be improved by the new pay agreement.

More importantly, the purchasing power for most people—and this usually means through a building society — will be limited. The building societies take net income as the multiplying factor for assessing ability to repay a loan. But the potential buyer has another factor which he builds into this. This is his ability to pay his weekly bills and come out in the black at the end of it. Despite the net increase in income through tax benefits and wage increases he suspects that his net outgoings are going to be much greater.

This situation may not be too disastrous for the market, particularly in the lower price range. People can often borrow or beg some part of the capital which is needed to start them off on the home-buying ladder. But it could have an adverse affect on the new homes market. The price of newly-built houses is already dangerously low from the builders' point of view, and any prospect of prices not being raised substantially will certainly reduce their confidence in carrying on building.

The new incomes policy certainly seems aimed at doing this: it will eventually mean a curtailment of real incomes and less ability for many people to take on a mortgage. Meanwhile, the cost of building a new house is growing very rapidly. The two lines on the graph where the builder is able to build and the buyer able to buy must soon cross with horrific effect on the housebuilding industry. One could be totally wrong, and find that the majority of potential buyers are willing to make sacrifices in every other aspect of their weekly or monthly expenditure —but I doubt it.

All this may sound a bit gloomy. But if I'm right in my analysis it makes all the more puzzling the latest reports of building society/Government thinking. It would seem that there is a movement to restrict the amount of building society lending for the coming quarter to the level of the first quarter of 1976. One can never get to the bottom of these policy decisions but it would seem that the Government through the Joint Advisory Committee has to'd the building societies to keep down any increase in lending.

One can only presume that in doing so the Government is merely trying to flex its muscles and to see how far it can crack the whip. Or is it perhaps merely an exercise in logistics to see how far the building societies can restrict lending at a time of very high demand. There is certainly no other good reason for it. The classic argument is that too much money going into the housing market will push prices up to the unacceptable levels of 1971-73.

This is an absurd fear in the present state of the housing market and can only be entertained by officials who are still harking back — and indeed living—in that era. The £6 flat pay policy showed what an effective dampener incomes restraint could have on house prices and the latest one will have even greater repercussions.

Now is the time for the building societies to be pumping every spare penny they have into the housing market without fear of causing an escalation in prices. This has been said many times before and even the Building Societies Association has admitted it. Only this week its official bulletin, Facts and Figures, predicted an increase of only 1 per cent. a month on average for the coming year. It is time that the societies and the Government became more realistic about lending policy.

Dalhousie Castle has stood at Bonnyrigg, just south of Edinburgh, for over 700 years. A couple of years ago it was converted into an hotel at vast expense. In fact so much money—around £500,000—was spent on converting the building and getting the business going that the company went bust and the hotel is now up for sale. The liquidators are continuing to operate it as a going concern until a new owner is found. One of the most luxurious hotels in the Scottish Borders, it has 24 bedrooms, each with en suite bathroom and colour television. The castle is still owned by Lord Dalhousie but there is a 125-year lease only four years of which have expired. No exact price tag has been fixed but the agents think that offers will have to be at least £200,000. Christie and Co. of Baker Street are handling the sale.

The good old days

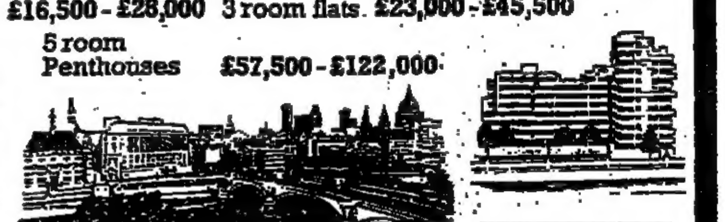
I know that spring is in the air and all that and that this is the time that traditionally sees an increase in housing turnover, but it would seem to be like the spring of the notorious 1972 as far as turnover is concerned. There is a hectic move of buying and selling and the building societies are lending record amounts of money. But it shows how really busy things must be when it has got to the point when a new estate agent and partnership has been formed. This has been a rare enough event since the days of the boom when new practices mushroomed. Since then a lot of agents have gone out of business or reduced their staff.

Richard Berry and Partners was established a couple of weeks ago in New Bond Street. The senior partner, Richard Berry, was previously with another firm of West End agents for five years. His new partnership will specialise in the buying and selling of flats: not only individual units but whole blocks. There is once again, according to Mr. Berry, a great interest in buying blocks, something that has not been seen since 1973. He reckons that the opportunity to buy and resell is greater now than it ever has been in the 70's. Interest in individual units is also tremendous, and he is looking forward to a busy spring and summer. Interest is particularly strong in those units priced below £20,000, but although there is strong interest and increased turnover prices do not seem to be rising very much.

RESIDENTIAL PROPERTY

OVERSEAS PROPERTY

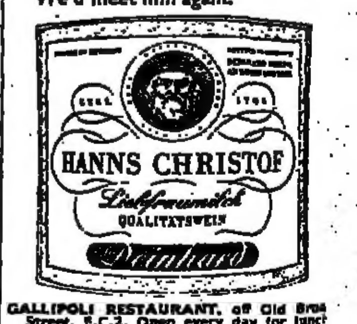
LONDON HOUSES AND FLATS



SHOOTINGS AND FISHINGS

PERSONAL

GOURMET



EDUCATIONAL

The Arts

The David Bowie phenomenon

BY ANTONY THORNCROFT

I first saw David Bowie performing eight years ago. He was darting around the stage, rather like a demented cygnet from *Swan Lake*, pretending to be a Tibetan peasant escaping from the Red Chinese army. It was all regarded as a rather sad joke and ensured that the bar proceeds at the Royal Festival Hall were higher than usual.

This week David Bowie returned to the U.K. after almost three years' absence to pack the vast Empire Pool night after night with completely rivetted audiences. In the intervening period he became, first, the most unusual rock artist of the decade; and, then, a phenomenon. In the process he lost all contact with reality, both his own, internal, reality, and the outside world. At least at the London concerts he seemed to have settled on a personality—and one that might last.

It was obvious from the start that the concert on Wednesday was going to be an experience rather than enjoyable. There were a fair amount of committed me-too Bowie fans with the dyed tufted hair and the androgynous clothing, but there were even more observers, attracted by the spectacle and the reputation. They were probably disappointed.

The evening began with a film show, a selection of French avant-garde movies of the 1920s. It looked as if the Dadaists had been let loose with "free" film, a succession of bizarre images of several hands, festering hands crawling with ants, and general pasties, à la *Chien Andalou*. All the characters were like Bowie. The audience hated it and slow handclapped until the screen was removed and the band was revealed. There was then some very noisy, unmelodic, tuning up until Bowie, looking like the old Prince of Wales dressed for Fort Belvedere theatricals in 1925, strolled on stage.

The new cool David Bowie is a definite improvement. He wears baggy, black, trousers, starched white shirt, and black waistcoat bearing a pack of Disque Bleu cigarettes, to be spent, Bogie fashion, during the performance. He seems relaxed and happy, modelling himself against the backcloth of band and over-powered amplifiers.

From then on it is a bitter sweet experience. Bowie is eager to please; his voice is excellent; but the songs reflect the tensions in his personality. Many are *mind-aching explosions of noise*, destroying the lyrics; others are taken more slowly and coherently allowing his insight into the life of urban drifters to be intelligently expressed. So sometimes it is painful and nasty; sometimes the barriers are removed, and the Bowie imaginative genius revealed.

The audience was waiting for something to happen, and it only really began to believe in the headlines when he sang Lou Reed's "Waiting for my man." This song typifies Bowie, taking in as much experience as the imagination can bear, and dealing mainly with a nervous white boy venturing up to Harlem, a street corner urchin seeking some kind of wish fulfilment. It was good because it was audible. Bowie's attraction lies in his lyrics: when they are hidden by *one of the more pedestrian bands* he has fostered the impact is considerably less.

Not that this matters to most of the fans. More than Mick Jagger, and so much more than *Elton John*, David Bowie has uncovered a colony of lost souls, not quite conscious of what they want but prepared to flirt with the bizarre in an attempt to find it. Rather sadly Bowie seems to have *moved on* to normality.

Bowie seems to have found his own salvation but in the process he has inevitably left behind his most committed followers, who are still drifting around looking for experience plus. The change for David Bowie was probably his successful film *The Man Who Fell To Earth*, and the realisation that he could exercise the theatrical elements in his life vicariously on the screen. Now the stage act is just another show.

But there is no reason why he should not capitalise on this new detachment and act as some kind of theatrical osmosis for his fans. They cannot achieve his very remunerative, and powerful, position, but by being more coherent and, perhaps, theatrical in performance he can exercise the make believe aspect of it all.

It is good that Bowie should have got through the overtly theatrical, camp period, the Ronson guitar-licking stage, but it is a pity that the thousands who followed him into the druggy, attitude striking, darkness should still be stranded there while David Bowie lays down the stability which should ensure a long career. And it was this split between artist and audience which made the David Bowie concert an interesting but unsatisfactory experience.

Trevor Humphries

David Bowie

Theatres this week

YOUNG VIC—*Ten Lost Years*. Depressing piece by a visiting Canadian company about the depression in Canada in the thirties. Opened Monday.

MERMAID—*Side by Side by Sondheim*. Magnificently joyous programme of Stephen Sondheim songs superbly performed by David Kernan, Julia McKenzie and Millicent Martin. Opened Tuesday.

FORTUNE—*Gigi*. Revival of Colette and Anita Loos's romance about the little girl who didn't want to be a kept woman, with Veronica Quilligan and Lila Kedrova. Opened Wednesday.

ICA—*Article Five*. Thoughtful lunchtime piece about the place of torture in contemporary politics. Opened Wednesday.

ROYAL COURT—*Endgame*. The Beckett old favourite played to the hilt by Patrick Magee and Stephen Rea. Opened Thursday.

John Mortimer double-bill at Greenwich

Denholm Elliott, Peter Woodthorpe and Eleanor Bron star in John Mortimer's new double-bill *Heaven and Hell*, which opens at the Greenwich Theatre on Friday, May 28, and runs until Saturday, June 19.

The production is directed by John Tydeman and designed by Peter Rice.

New Philharmonia

BY DAVID MURRAY

The Silver Jubilee series of concerts at the Festival Hall has suffered a little through last-minute indispositions, and on Thursday it was the leading soprano who had to drop out. Perhaps she had had a premonition: neither the New Philharmonia nor their conductor Riccardo Muti were heard to best advantage, nor *a fortiori* Mozart or Stravinsky. The one sterling contribution to the evening was by the mezzo Julia Hamari, whose delectable account of the *Laudamus te* in Mozart's C minor Mass set a standard too high for the rest (though the thankless male solo parts were staunchly taken by Robert Tear and Michael Devlin).

Only a generation ago, "delectable" would have been thought to mark just what was wrong with the Mass: too rococo-operatic, too personal, too cuddlesome. But Mozart was no Puritan, nor even a Lutheran—and besides, the leading soprano he had in mind was his wife Constanze. Heard amid the cream and baby-blue delights of the Salzburg Peterskirche, its native home in historical fact and in spirit, the Mass compels instant surrender. On Thursday Muti had different ideas. The *Kyrie* was driven urgently along, suggesting high 19th-century drama at once, and when the exquisite violin phrase which ushers in the soprano's *Christe eleison* arrived prosaically and briskly, it was clear that this was no performance for a besotted Mozartean.

Christiane Eda-Pierre, standing in at very short notice, was forgivably cool and cautious in the *Et incarnatus*, so that its opera-cadenza sounded an intrusion indeed, and her duet with Miss Hamari made little of its usual spine-tingling effect. The lusty singing of the New Philharmonia Chorus often covered the orchestra, but in pianissimo—Muti went in for many sudden Verdian drops—their sopranos made a threadbare noise.

As for Stravinsky's *Orpheus*, one of his most low-temperature neo-classical scores and accordingly one which wants needle-point precision of rhythm, shape and articulation, it fatally lacked elegance. The orchestra sounded, if not under-rehearsed, at any rate not played in. As much as any baroque concerto grosso, *Orpheus* presupposes first-desk playing of great crispness and energy, and here it often sounded flabby (and not always dead in tune). Muti's flamboyant gestures were not, I thought, ideally calculated to secure a taut ensemble—and still the dramatic effect of the piece was far weaker than in Stravinsky's own recorded performance. To win friends for this somewhat neglected work, the orchestra first needs to sound as if they enjoyed playing it.

Promising theatre programme for Edinburgh Festival

The Edinburgh Festival habitually announces its programme in two laps. The second lap was accomplished yesterday by the Director, Peter Diamond. Besides confirming the musical events already announced, adding a concert by Marius May (cello) not included in the printed programme and revealing that the promised Weber opera would be *Die Drei Pintos*, the fresh information mostly concerned the drama.

The Lyceum Theatre will have the English Stage Company for the first week with a new play by David Storey, *Night*. Afterwards, at 10.45 p.m., there will be a revue featuring Fenella Fielding. In the second week there will be a visit from the Japanese Bunraku puppet theatre, for five days only; on the Saturday they will be followed by the Twyla Tharp Dance Company, who will stay until the Wednesday of the third week, after which there is a programme by two Italian clowns, Carlo and Alberto Colombaioni.

The Assembly Hall will house a production in which the Birmingham Rep will combine with Edinburgh's own resources in Jonson's *The Devil is an Ass* and Shakespeare's *Measure for Measure*.

New York's La Mama company will come to the Moray House College in Holyrood Road in three productions. The first is Euripides' *Trojan Women*, the second a double-bill of Euripides' *Medea* and Sophocles' *Electra*, and the third Brecht's *The Good Woman of Setzuan*. The Greek plays will be played in classical Greek.

In the third week the Moray House College will house the Gruppo Teatro Libero of Rome in a production of *Masaniello* by Armando Pugliese that is said to owe something to the influence of Ronconi in his mobile *Orlando Furioso*.

This is undoubtedly the best drama programme the Festival has offered for a long time. In addition there will be poetry readings, including three recitals of American poetry and prose by Princess Grace of Monaco.

Collecting

Pots and perfume

IT WAS AN old Greek custom to welcome guests with the offer of a bath and anointment with aromatic oils before they began their meal. Oil was the equivalent of soap, and together with perfume was used in abundance by the Greeks.

"In gilded tub, and steeps
his feet
And legs in rich Egyptian
unguents,
His neck and chest he rubs
with oil of palm
And both his arms with sweet
extract of mint
His eyebrows and his hair
with marjoram,
His knees and face with
essence of wild thyme,"

wrote Antiphanes of an Athenian man about town.

The use of scents was carried to such an extreme that a law was passed prohibiting the sale of fragrant oils; according to Pliny, Lucius Plotius, in hiding in Salerno, was discovered because the authorities found him by folowing their noses to *his strong and distinctive* perfume.

Oils for cosmetics, massage and medical purposes were kept in the *lekythos*, the *aryballos* and the *alabastron*; the *pyxis* was a toilet box for cosmetics or trinkets, and the larger *amphora* and *pelike* were storage vessels for both liquids and solids. Jugs were *oinochoe* and *olpe*, and a water jug the *hydria*.

The earliest pottery was modelled by hand or built up by coils of clay, but about 2,000 BC the potter's wheel was introduced into Greece and Crete, and from then on the techniques used for the manufacture of pottery changed little over the centuries. The Greek potter usually dug his clay locally, and left it to weather for some time before washing it and kneading it to the right consistency. A lump of clay was then thrown on to the centre of the wheel, and shaped with thumb and forefinger as it rotated. Pots of any size were made in two or more parts—neck, body, and foot—which were later joined with dilute clay. Handles were usually shaped by hand, and when the pot had dried leather-hard, the decoration was added and the piece was ready for firing in the kiln.

The traditional black and red colours of Greek pottery result neither from pigment nor glaze; they are due to the fact that the clay, and the "slip" of dilute clay used on the surface of the pottery, contained iron, which caused the earthenware to fire either red or black as a result of chemical reaction to conditions in the kiln.

The arts and artefacts of the ancient world have a broad appeal for their aesthetic and historic interest as well as for their financial value. With objects of such great age, authenticity is all, and collectors must take great care to buy under guarantee. The right provenance is important, as witness the confiscation of some early Cypriot stone figures from the Christie's sale of antiquities *last month, because of rightful* ownership queries.

Group of lekythos, flasks for oil or scent from the Charles Ede Gallery, 37 Bond Street, W.1.

There is currently enormous collecting interest in Cypriot pieces. The mail order catalogue, *Cypriot Pottery 2250-475 BC*, which came out this week from the Charles Ede Gallery, offering pieces at prices from £45 to £500 odd, has been almost a sell-out. Many of the shapes are variants of the Greek, and on offer were a *kyathos* (serving ladle for water and wine), a *kylix* (drinking vessel), and various flasks and jugs. Still for sale are a tripod vessel, with a beautiful burnished surface, with some restoration to the side of the lip, and a large handsome biscuit-coloured *amphora*, the red decoration probably reflecting the favourite Minoan motif of octopus tentacles; it is recomposed of fragments. With their great age, signs of wear and tear—a crack *consolidated, a fracture* at a shoulder repaired, chips, stains, colour fading, surface abrasion, even reconstruction — are acceptable, in the world of antiquities.

The gallery is at 37, Brook Street, London, W.1. They hold displays of their stock throughout the year, and issue illustrated catalogues every few months. *These are free to* serious collectors, and can be built up into a useful reference guide.

Excellent photographs and charts of key shapes of Cypriot and Greek pottery, as well as items of pre-Roman glass (the names of these are usually taken from Greek pottery forms), are given in Charles Ede's book, *Collecting Antiquities — An Introductory Guide*. This scholarly but extremely easy to follow work, recently published by Dent's at £9.50, is intended for collectors of limited means, concentrating on objects between £15-£1,000 or so, ranging over Greek, Etruscan, Cypriot, Roman, Egyptian and Persian pieces, covering pottery, sculpture, glass and bronze.

"Before buying anything," insists Mr. Ede, himself a collector and dealer of long standing, "it is a sound plan to draw up some sort of general *schema*, preferably under expert advice, as it helps a dealer if you can give some fairly specific idea of what you want. A plan can also minimise the danger of buying on impulse, which so often involves repentance at leisure.

"*Greek pottery is at the same* time the easiest and perhaps the most satisfying area for the would-be collector of antiquities. The supply is comparatively plentiful, the variety large, the objects are extremely decorative and the scenes shown on figured pieces give a direct insight into many aspects of social history."

Some knowledge of the principal figures of Greek and Roman mythology make the pursuit of antiquities more rewarding, and there is a brief list in the Ede book. For further study, Funk and Wagnall's *Standard Dictionary of Folklore Mythology and Legend*, edited by Maria Leach, was published in England last year by the New English Library at £14; it covers a wide field, with 8,000 entries ranging over gods, heroes, angels, guardian spirits, demons and devils, and their manifestations in various cultures.

JUNE FIELD

HOME NEWS

IN BRIEF

Fireworks sale to under-16s banned

By Justin Long

A BAN on the sale of fireworks to children under 16 and increased fines for firework offences were approved by the Commons yesterday when the Explosives (Age of Purchase) Bill gained an unopposed third reading.

This backbencher's Bill, sponsored by Mr. Gwilym Roberts, (Lab., Cannock), is part of a package agreed between the firework manufacturers and consumer interests to reduce firework dangers.

Call for courses

Management education was much poorer for the widespread reluctance of trades unions to take part in management courses, the Rev. George Tolley, principal of Sheffield City Polytechnic, told the *Northern Regional Management* Centre's conference in Sunderland yesterday.

Anonymity plea

Legislation to protect the anonymity of people who report cruelty to children was urged yesterday. Mr. Jack Ashley, Labour MP for Stoke-upon-Trent South, said a decision to the contrary by the Court of Appeal would damage the interests of children who were savagely mauled.

Management needed

"The gilt edge market has become much more volatile of late, thus requiring more active management," Mr. Roger Daniell, a partner of Mullens and Company, told an investment seminar in Douglas yesterday.

Engine order

Harland and Wolff, the Government-owned Belfast shipbuilders, has won an order thought to be worth some £2½m. for three marine diesel engines from the Hyundai Shipbuilding and Heavy Industries Company, of Ulsan, South Korea. The order follows one for 12 similar engines placed just over a year ago at a cost of more than £10.5m.

Overtime shift

A FULL Sunday overtime shift will be worked to-morrow by 4,000 production men in the assembly and body stamping plants at the £93m. Ford car plant at Halewood Liverpool. They are expected to turn out about 400 Escort and Capri models.

Windscale plan

A 4.5m. development at the Windscale Nuclear reprocessing plant, Cumbria, will reduce the effect of low-level radioactive discharge in the Irish Sea, it was said yesterday. Plans for the scheme, by British Nuclear Fuels, are awaiting approval by Copeland Borough Council.

Flat rate

Landlords of holiday flats are not entitled to rate relief on the properties, a High Court judge ruled yesterday. He rejected a landlord's claim that his seaside flats in Devon were occupied by holidaymakers as "private dwellings," but said the landlord was the rateable occupier who was using the flats for a commercial enterprise.

Downing Street luncheon for CBI leaders

LEADERS of the Confederation of British Industry yesterday lunched at 10 Downing Street with the Prime Minister and some of the Cabinet in the first meeting between the CBI and Mr. Callaghan since he became Prime Minister.

The meeting, which follows a similar lunch given by Mr. Callaghan last Monday for TUC leaders, was described afterwards as more of a "get-to-know-you" occasion than a negotiating discussion.

Mr. Callaghan reassured the CBI of his firm commitment to the industrial strategy and the need to promote profits and investment in manufacturing industry.

CBI leaders reiterated industry's hopes that a revival was under way and that the new pay deal could do much to bring British inflation rates down to the level of its competitors.

The opportunity was also taken to press industry's case for major revisions in the price code so as to promote investment and profits.

Among Ministers present were Mr. Michael Foot, Lord President of the Council; Mrs. Shirley Williams, Prices Secretary; and Mr. Harold Lever, Chancellor of the Duchy of Lancaster. Mr. Denis Healey, Chancellor of the Exchequer, was unable to attend however.

CBI guests included Sir Ralph Bateman, the CBI's president; Lord Watkinson, its president designate and Sir Campbell Adamson, CBI director-general.

U.K. importers sending mission to Yugoslavia

THE British Importers Confederation is sending a buying mission to Yugoslavia in conjunction with the Yugoslav Economic Chamber, to explore the possibilities of increasing U.K. purchases.

The mission leaves to-morrow and will spend six days in Yugoslavia, visiting Belgrade, Macedonia, Montenegro, Boznia, Ljubljana and Zagreb.

Foreign groups seek use of U.K. platform yards

BY RAY DAFTER, ENERGY CORRESPONDENT

THE DEPARTMENT of Energy has been approached by overseas fabricating companies interested in using Britiso oil platform yards to build structures for the North Sea.

The Department's Offshore Supplies Office has already received inquiries from U.S. and Swedish companies which have suggested that an infusion of foreign capital could help maintain employment in some of the hard-pressed yards

Mr. John d'Ancona, an assistant secretary at OSO and leader of its delegation to the offshore engineering exhibition in Houston, Texas, this week, said that the approaches were so far of a tentative nature. Nevertheless, the SO and the Department of Energy would study the implications.

Overseas companies could make approaches either directly to yards which are fast running *out of work—like Laing Offshore* on Teesside—or to the Government. As a result of the Offshore Petroleum Development (Scotland) Act, the Government has acquired powers to take over certain yards which are unable to find work. *These might well* include the two Government-backed yards, Portavadie and Hunterston, which have still to receive their first orders.

It is understood that foreign companies are interested in the British facilities because they would help them to secure new work in the North Sea and other areas of U.K. exploration and development. Offshore operators have agreed to buy equipment from British yards and factories wherever possible.

According to reports from Houston, the companies are anxious to develop production facilities based on new technology including sub-sea associated ventures, tension or *tethered leg platforms, or floating systems.* OSO pointed out yesterday, however, that British fabricators were also developing new production systems in order to overcome some of the cost and technological problems of extracting oil from offshore waters.

● Burmah Oil, as operator for the Halibut Group of exploration companies, has announced that the 11th well on block 211/18 has been plugged and abandoned as a dry hole. The well was located in the north west of the block, three miles south of the ninth well which successfully tested hydrocarbons in August last year.

This latest well was drilled some seven miles to the north west of Burmah's commercial Thistle Field.

The Halibut Group consists of Burmah, Deminex, Santa Fe Minerals, Tricentrol and Charterhouse Securities.

RIGHT TURN IN THE CITIES

TOWN	CONSERVATIVE: Gains	Losses	LABOUR: Gains	Losses	OTHERS: Gains	Losses	CONTROL
BIRMINGHAM	11	—	—	11	—	—	Con. gain
BRADFORD	4	—	—	1	—	3	Con. retains
BRISTOL	9	—	—	9	—	—	Lab. retains
CARDIFF	12	—	—	14	2	—	Con. gain
DERBY	14	—	—	8	—	6	Con. gain
HULL	10	—	—	10	—	—	Lab. retains
LEEDS	7	—	—	3	—	4	Con. gain
LEICESTER	16	—	—	16	—	—	Con. gain
LIVERPOOL	3	—	—	—	—	3	*
MANCHESTER	—	—	—	—	—	—	Lab. retains
MEDWAY	23	1	1	21	1	3	Con. gain
MERTHYR	—	—	—	16	17	1	P. C. gain
NEWCASTLE	3	1	—	3	1	—	Lab. retains
NORTHAMPTON	9	—	—	9	—	—	Con. gain
OLDHAM	13	—	—	10	—	3	*
PORTSMOUTH	2	1	—	1	1	1	Con. retains
SHEFFIELD	2	—	—	3	1	—	Lab. retains
SOUTHAMPTON	24	—	—	24	—	—	Con. gain
STOKE†	10	—	—	10	—	—	Lab. retains
SUNDERLAND	3	—	—	3	—	—	Lab. retains
SWANSEA	—	2	—	20	22	—	R. gain

† One result to be declared
* No party in overall control

Con.—Conservative
Lab.—Labour

P. C.—Plaid Cymru
R.—Ratepayers

How Tories swept polls

THE TABLE above shows the local election position in the cities. But Labour's discomfiture was no less evident in the smaller towns.

At Lincoln Mr. Dick Taverne's Democratic Labour group gained Labour's only remaining seat to give it a *straight* majority of four over the Conservatives.

In North-East Derbyshire Labour's loss of control was due to a disastrous performance in the six Clay Cross seats, where all the councillors who rebelled against the Housing Finance Act lost their seats.

In Wales the tremor which swept Labour out of power in Swansea in favour of ratepayers' candidates also affected Afan, where Labour lost a total of ten seats to ratepayers, tenants association and independent candidates.

The Rhymney Valley like Merthyr, fell to Plaid Cymru, with Labour losses to the Nationalists totalling 15.

● PARLIAMENT

Property requisition Bill rejected

THE backbenchers' Bill to enable local authorities to requisition property unoccupied for at least six months failed to achieve a second reading in the Commons yesterday.

Although it remains on the Order Paper, the failure of its Labour backbench sponsors to get the Bill past its first main hurdle makes it a casualty with no reasonable hope now of getting any nearer the Statute Book.

Any chances the legislation might have had were killed by Government disapproval. Mr. *Ernest Armstrong, Environment* Under-secretary, said the Bill failed to discriminate between the "villians of empty property" and people whose houses were empty through no fault of their own.

● *Delivery of Concordes* to British Airways will not be delayed by the modifications to the aircraft which will cost the Government £200,000 following the grounding of Concorde 201.

Mr. Gerald Kaufman, Minister *of State, Industry,* giving this assurance in the Commons yesterday, said British firms would supply the necessary modification kits at Government expense.

Discussions on how the modifi*cations would be effected* had taken place on a number of occasions between British and French officials and representatives of the companies concerned, said the Minister in the course of written replies.

Michael Donne, Aerospace Correspondent, writes: Development of the Concorde is continuous and the lessons learned from the test programme and by Concordes in fare-paying passenger service, are regularly in*corporated into the production* aeroplanes still on the assembly line.

● A Law Lords decision said to have threatened up to 250,000 redundancies in the hotel, catering and tourist trades could soon be negated following the unopposed third reading of the Licensing Amendment Bill in the Commons yesterday.

This backbencher's Bill, which is now ready to be enacted, *scraps the proviso* that drinks for people attending social functions after normal licensing hours must be served by a waiter or waitress.

The Government, which has approved the Bill through both Houses, agreed that waiter and waitress service in the context of "special hours" licensed functions was outdated.

Dr. Shirley Summerskill, Home Office Under-secretary, said the Law Lords' ruling had created widespread problems *for the* entertainment and licensed trade, and its enforcement would cause much additional cost.

The Bill, sponsored in the Commons by Mr. Jeff Rooker (Lab., Perry Bar), would permit special hours certificates to be granted to cover bars as well as other parts of licensed premises.

Heath warns against Press 'cynicism'

Financial Times Reporter

EXCESSIVE cynicism and scepticism in the Press were damaging to the country both at home and abroad, Mr. Edward Heath, former Conservative Prime Minister, said when presenting the British Press Awards in London yesterday.

The media had an important part to play in presenting a philosophical basis on which the country could recover from its problems. Unless this was achieved, it was more difficult to overcome social and economic difficulties.

Mr. Heath presented 11 awards to national and provincial journalists, and made eight commendations. The journalist of the year, Jon Swain, of the Sunday Times, received the top award of £500. Among those commended in the columnist of the year category, was David Watt of the Financial Times.

Moves for options exchange

THE GOVERNMENT is in touch with the Stock Exchange council over proposals for setting up a London share options exchange along the lines of that operated by Chicago.

Mr. Clinton Davis, Parliamentary Under-Secretary, Trade, the Minister concerned *with this* subject, was asked in the Commons yesterday if he was satisfied that the innovation proposed would assist orderly dealings, and would have a positive effect on the balance of payments. The question was *from Mr.* Keith Stainton, Tory MP for Sudbury and Woodbridge.

Mr. Davis said in a written reply: "I understand that the council of the Stock Exchange has not yet decided whether it *wishes to establish an options* exchange. If it does so, I will have further discussions with the Council when detailed proposals have been formulated."

● Margaret Reid writes: The Stock Exchange council is likely *to decide next month* whether it wishes to see the formation of a market in traded options. It is comes down in favour of the project, and there are no other impediments to such a scheme, a combined options market could be launched by the *London and* Amsterdam Exchanges, which are jointly studying the matter.

It is already possible for British investors to acquire options to buy or sell shares at a fixed price within some predetermined future period. But there is no market in London, as there is in Chicago, by which these options can themselves be bought and sold.

Apart from the mechanics of establishing a new *market in* traded options, there is also the consideration whether such a market might be considered unduly to promote speculative investment activity. Against any objection of this sort it might be *argued tha tthe market would* attract foreign business to London, bringing benefits to the balance of payments.

OVERSEAS NEWS

Ford vetoes foreign aid Bill

By David Bell

WASHINGTON, May 7.

PRESIDENT FORD *to-day* carried out his threat to veto a $4bn. foreign military aid Bill, and said he would not sign it because of what he described as its "unprecedented restrictions" on his right to conduct *foreign policy.*

"In world affairs to-day, America can have only one foreign policy. Moreover, that foreign policy must be certain, clear and consistent."

The Bill was not itself an *appropriation of the money for* the aid but the authorisation for it, and Congressional staff are already drafting a substitute, since it is unlikely that there are enough votes on the Bill to override the veto.

In addition to providing more aid for Israel than the Administration wants to disburse, the Bill would also have set a $9bn. ceiling on total U.S. Government and commercial arms exports, removed restrictions on trade with Vietnam *and set standards for* human rights in countries receiving aid.

It was fiercely opposed by the arms industry which particularly objected to its provision for much greater disclosure of the terms of *arms deals.*

All this, Mr. Ford said, was an attempt at "Congressional encroachment" on the constitutional authority of the President to carry out foreign policy which made it imperative for him to *veto the Bill.*

As well as the aid to Israel, which amounted to almost $3bn., the Bill would also have authorised arms credits for some 30 other countries.

Kissinger faces cool reception

By David Bell

WASHINGTON, May 7

DR. HENRY KISSINGER, the U.S. Secretary of State, returns this afternoon to a Washington that has changed markedly even in the two weeks that he has been in Africa. President Ford, thrown badly off balance by four successive primary defeats at the hands of Mr. Ronald Reagan, is now in deep political trouble and still uncertain whether to move further right to meet the Reagan challenge, or to take the "high ground" and try to *stay above the fray* and be more "Presidential."

The Secretary of State needs no help in understanding the implications of what has happened, either for his own position or for his policies, including *the newly-minted African* policy on which he has recently worked so hard. Mr. Reagan has made Dr. Kissinger's conduct of foreign policy a major plank of his campaign. The Republican right is baying for his blood and even some of Mr. Ford's supporters are now calling openly on the President to remove the Secretary to show that he is not Dr. Kissinger's puppet.

In such a climate, whatever Dr. Kissinger may have said about it in Africa, Mr. Ford is unlikely to throw the full weight of the administration behind the repeal of the Byrd Amendment, under which U.S. companies are allowed to import vitally-needed Rhodesian chrome despite the UN sanctions. This amendment has powerful right-wing friends in Congress and elsewhere and Mr. Ford may well not want to run the risk of offending them, at least until after the election.

Criticism

All of this must put Mr. Ford and Dr. Kissinger in a painful dilemma. To his credit Mr. Ford has so far resisted all attempts to force Dr. Kissinger out in advance of the election. He has backed him repeatedly in public and refused to accept the criticism from the right. But that may change now that he is fighting for his political future in earnest.

*If he succumbs to the temp*tation to ask Dr. Kissinger to go, he leaves himself open to the charge that he has capitulated in the face of an ill-considered challenge from the *right of his party, and that he* has contradicted all the complimentary remarks that he had been making about the Secretary.

But it is hardly less difficult for Dr. Kissinger. It is not just his African policy which may never really get off the ground this side of the election. Detente, if not dead, is now more likely than ever to be put in suspended animation. His Middle East policy is mired in the problems of the Lebanon and the West Bank, and is unlikely to yield any new initiative until after the election. It is already being attacked from the right as "too hard on Israel." Even over the Panama Canal the charge is being made that Dr. Kissinger wants to give "our canal" away, even though it never was America's in the first place and Dr. Kissinger has never said anything about giving it away.

So the Secretary may be very tempted to resign, partly to avoid being sucked into a bitter intra-Republican contest, and partly to leave Mr. Ford the option of choosing a new Secretary of State more accept*able to the right, however pan*icky such a move might look inside the U.S. and to the rest of the world.

Italy hit by worst earthquake in 8 years

BY ANTHONY ROBINSON

ROME, May 7.

SUCCESSIVE earthquake tremors of up to 6.5 points on the Richter scale severely damaged 19 towns and villages, factories and communications over a wide area of north-east *Italy near the frontier* with Austria and Yugoslavia last night, causing the death of more than 260 people, thousands of injured and damage running into hundreds of millions of pounds.

Over 5,000 troops were air*lifted into the zone to help* with rescue operations and the Government set aside L1bn. (around £600,000) during an emergency Cabinet meeting which also declared a state of emergency in the area.

The shock waves spread throughout the Po Valley and neighbouring Austria and Yugoslavia and were felt as far away as Turin and Naples. The shocks were also felt in Venice although damage is reported to be mini*mal in the historic lagoon city.*

The Trieste-Ingolstadt oil pipe line is reported to have been damaged and pumping operations have been halted temporarily.

The epicentre of the earthquake—the first serious one in Italy since the disaster which rased five Sicilian villages to the ground in the Val di Belice in 1968, killing 231 people—is believed to have been near the town of Tolnezzo, while the hardest-hit village is that of Maiano, *where 80 per cent.* of the houses are reported to have been destroyed and where 58 people are confirmed to have lost their lives so far. Two trains on the international line linking Italy to Austria were derailed by the quake and trains have been diverted by an alternative route.

Some 180,000 people live in the extensive zone in the foothills of the Dolomites worst-hit by the quake and the loss of lives would have been much higher if the severest quake had not been immediately preceded by a lesser shock which caused thousands of people to leave their homes in a panic.

People throughout Northern Italy spent last night in the open while feverish rescue attempts started immediately hampered by the damage to communications and electricity lines. Offers of international help and messages of solidarity have come in from neighbouring countries, the International Red Cross and the United Nations President Giovanni Leone visited the disaster area to-day.

No decline yet in U.S. jobless rate

BY DAVID BELL

WASHINGTON, May 7.

THE NUMBER of people out of work in the U.S. was unchanged *in April for the third month* in a row, but total employment rose sharply.

The labour department said to-day that the unemployment rate has remained at 7.5 per cent., or about 7m. people, and *there are a further 3.8m. people* who are "working part time involuntarily." The department's monthly survey of households also shows that total employment rose by 700,000 to new record level of 87.4m. But this was offset by an increase of 720,000 in the civilian labour force.

According to the department the unemployment rate for adult males dropped to 5.4 per cent. last month, which is a *fall of* nearly 2 per cent. since the height of the recession and those out of work for 15 weeks or more also fell to 2m. Since December, the number of people in this category has dropped by more than a million.

Although much of this will be good news for President Ford, it remains true that actual unemployment is still sticking at what the Democrats say is a totally *unacceptable* level. The Administration is hoping to reduce it to 7 per cent. or below by the autumn but this fall may not be enough to blunt the Democratic attacks and some Ford aides are now beginning to be concerned that the rate may be a little more intractable than was thought earlier.

● Stewart Fleming writes from New York: Optimistic forecasts *about the outlook for the U.S.* economy have been released to-day by two influential independent research groups: the Business Council, which represents many leading companies, and McGraw-Hill Publications' economics department.

McGraw-Hill has released the findings of its latest survey of capital spending plans by U.S. business drawn from its own survey of 1,000 companies. The organisation forecasts that capital spending in 1976 is going to *rise by about $127bn., or* about 13 per cent.

The low level of capital investment in the U.S. economy has been, and continues to be, a disturbing feature to economists concerned about its ability to sustain the current recovery without running into inflationary pressures.

Commenting on the 13 per cent. forecast, Mr. Douglas Greenwald, the unit's chief economist, suggested that after allowing for capital goods price inflation the forecast in real terms amounted to a rise of 4 per cent.

The McGraw-Hill forecast is more optimistic than the official survey published by the Commerce Department in March which indicated a rise of 8.5 per cent. in capital spending this year. A further commerce department projection is expected in June.

The economists for the Business Council, in their report, see a strong economic recovery which should continue throughout 1976 and 1977. They forecast a growth in "real" GNP of 6.3 per cent. this year and 5 to 5.5 per cent. *in the first half of* 1977 with unemployment dropping below 7 per cent. early next year.

More overseas news appears on Page 21

Massive recovery in France predicted

BY RUPERT CORNWELL

PARIS, May 7.

DESPITE AN economic growth rate "unprecedented in recent history" France is unlikely to experience any significant decline in unemployment before the end of this year, and is facing the mounting risks of a renewed spurt in inflation.

These are the main findings of the latest report by the widely *respected National Statistics* Institute INSEE, which more than bears out the brightest hopes and darkest fears of the country's politicians, economists and industrialists.

The picture that emerges is one of an economy rebounding from its low point last summer until the middle of 1976 at a stupendous rate of 13 per cent. a year. From July onwards however the Institute expects that growth will subside to a more normal and sustainable rate of 4 to 5 per cent.

The clear implication of these figures is that the most optimistic forecast for 1976 of growth of 5 per cent., are much too low. INSEE anticipates that by June industrial production will be virtually back to its pre recession height of 136 (as measured by the existing output index, based on 100 for the year 1970).

Elsewhere however the study makes less happy reading. The drop in unemployment, now standing at just under 1m. in France will be much less dramatic than the surge in output, for the simple reason that French companies were obliged throughout the recession to keep redundancies to a minimum, in line with the Government's social policies.

Meanwhile, the recovery in world commodity prices and the need of French corporations to rebuild their margins after the *battering of the business slump,* mean that inflation — already running at 10 per cent. annually here — is likely to gather pace in the months to come.

What is more, if growth in the second half of this year exceeds INSEE's expectations, either on account of a faster pick-up in world trade or a renewed burst of stock building —the probable consequence will be a further impetus to prices.

Communist congress 'to be held soon' in Berlin

BERLIN, May 7.

THE European Communist parties, after 15 months of bickering over the Soviet claim to leadership, have agreed to hold their long-delayed European Communist conference.

The East German news service ADN said to-day the European conference, the first in nine *years, would be held soon in* East Berlin after a final preparatory meeting next month. The report said agreement to hold the conference was reached in a new round of talks held in East Berlin on May 4-6 by representatives of 28 Communist parties.

The meeting, one of a series dating back to February 1975, was held in a "fraternal, Communist atmosphere," a hint that a compromise had been reached over the Soviet claim to leadership of the international Communist movement. In the past meetings were described as "constructive"—a word the Communists often use to indicate *lack of agreement.*

It will be the first all-European Communist conference since the one held in 1967 in Karlovy Vary, Czechoslovakia.

The opposition to Soviet leadership claims was led by the French, Italian, Yugoslav and Romanian parties, Communist sources said.

UPI

Lisbon Socialists to back army chief

By Paul Ellman

LISBON, May 7.

PORTUGAL'S Socialists are e[xpected] to announce formally t[o]morrow that they are backi[ng] General Antonio Ramal[ho] Eanes, the army chief of sta[ff] for the country's presidency. [In] return, the Socialists are re[ason]ably understood to have secur[ed] the general's support for the declared intention of forming [a] minority government.

Dr. Mario Soares, the Sociali[st] leader, met General Ramal[ho] Eanes last night shortly befo[re] the army chief left on a tour [of] military regions which is seen [in] Lisbon as the prelude to his ow[n] announcement that he will ru[n] for president.

Interviewed to-day on the e[ve] of a meeting of the 151-ma[n] socialist national executive, D[r.] Soares told the Financial Tim[es] that he considered the arm[y] commander a "democrat" a[nd] a "*man of integrity.*"

The Socialist executive is e[x]pected to accept pleas from D[r.] Soares and party Ministers i[n] the current caretaker Govern[ment] that backing Genera[l] Ramalho Eanes is the best hop[e] they have of forming a viabl[e] Government. The new Govern[ment] is scheduled to be forme[d] by the next Head of State fol[lowing] a presidential poll o[n] June 27.

Immediately after his part[y] emerged as the biggest singl[e] vote-winner in the legislativ[e] elections two weeks ago, D[r.] Soares said it would gover[n] alone or not at all despite a fa[ll] of almost 3 per cent. in i[ts] support over a year previously.

Dr. Soares defended his pos[i]tion in to-day's interview, arg[u]ing that forming an allian[ce] with the Communists, whose vo[te] went up by 2 per cent., wou[ld] lead to a "military coup in thr[ee] months."

The Communist leader, D[r.] Alvaro Cunhal, warned that [a] minority Socialist Governme[nt] would not be able to count [on] the support of his party and D[r.] Soares to-day conceded that t[he] Communists might "unleash [a] wave of social agitation to sh[ow] how important they are."

The Socialist leader ag[ain] rejected an alliance with t[he] Popular Democrats (PPD), t[he] second biggest party with 24 [per] cent. of the vote, and the Cen[tre] Democrats (CDS) who [won] 15.9 per cent. Such an allia[nce] would allow the Commun[ist] Party to polarise the left, [he] argued.

U.K. leads EEC inflation table

THE latest survey of consum[er] price indices in the Europ[ean] Community showed that Brit[ain] still heads the list of count[ries] *with the highest price rises* i[n a] year while Denmark and It[aly] were ahead on a month-to-mo[nth] basis. The March consumer p[rice] index in Britain was up 21.1 [per] cent. in a year, followed by I[taly] with a 13.9 *per cent. increase*, rises of 10.3 per cent. for Lux[em]bourg, 9.9 per cent. for Belgi[um], 8.9 per cent. for the Netherla[nds], 9 per cent. for Denmark and [...] per cent. for West Germany.

As compared with Febru[ary] the March consumer price in[dex] was up 4.4 per cent. in Denm[ark], 2 per cent. in Italy, 0.9 per c[ent.] in the Netherlands, 0.6 per c[ent.] each for Britain and Belgium, [...] per cent. for West Germany [and] 0.2 per cent. for Luxembourg.

Warning over print strike

The West German Governm[ent] yesterday abandoned its stu[died] position of non-interference in [the] national printing dispute, call[ing] for an early return to the ne[go]tiating table and warning b[oth] sides that they are endanger[ing] the constitutional right of [the] public to free expression [of] opinion, *Adrian Dicks writes fr[om]* Bonn.

The remarks by the offi[cial] spokesman, Herr Klaus Boelli[ng] about the threat to free [ex]pression, although circumsp[ect] were clearly aimed at the ref[usal] *of compositors on several ne[ws]*papers earlier this week to [print] editorials critical of their uni[on's] policies during the first phase [of] the strike.

FINANCIAL TIMES REPORT

Saturday May 8 1976

Building Societies

After a year of outstanding success the building societies are still pushing their lending programme steadily upwards, though there remains a widespread belief that economic events beyond their control will make their job a great deal harder by the end of the year.

Record year in the making

WITHIN A FEW WEEKS of the start of 1976, it was already clear that Britain's building societies were guaranteed their busiest and best year on record.

In 1975 they managed to break nearly every record in the book and, whatever the lingering doubts about less favourable conditions later this year, the sheer momentum of their recent performance has ensured that they will see this year through in style.

Last year the building society movement made an enormous leap forward in its efforts to spread the concept of home ownership, an objective which is apparently closer than ever to the hearts of the majority of British people but which still eludes many of them. The level of owner occupation in the U.K. now stands at about 53 per cent. and while this percentage compares well with most of its European neighbours, it still lags behind the remainder of the advanced English speaking world.

Building societies cannot, however, be accused of failing to play their part in pushing up the level of home ownership and they currently account for around 90 per cent. of mortgage finance.

To the surprise of many observers, the bleak economic situation has not sparked off a flight from money and vast numbers of people have continued to save. Not surprisingly, most of the savings found their way to the best of some pretty uninspiring alternatives. For although no building society man could—or still would—look an investor in the face and tell him he was getting a good deal on his investment at a time of serious inflation, he knows his rates take some beating.

As a result, societies last year took in just over £9bn. in gross receipts, a near 50 per cent. increase on 1974. Net receipts reached £3.25bn. against £1.1bn. in the previous year and lending touched £4.96bn., a rise of £2bn. over 1974.

Translated into homes and people, the societies' efforts meant that, in 1975 alone, 651,000 loans were made against 433,000 in the preceding 12 months and only in 1972 have more advances been recorded. *Over 300,000 families were able* to buy their first homes with building society help last year, a performance which should help to stifle recurring criticisms that not enough is done to assist the potential newcomer to the owner-occupied sector.

But what really marked out 1975 as being something special was the continuing stability of the housing market which *accompanied the high level of* lending activity. House prices rose on average by about 10 per cent. and this pattern of very modest increases—well below the rises recorded for retail prices or average earnings—has *continued well into this year,* with little prospect of any major upturn in prices just around the corner.

Forum

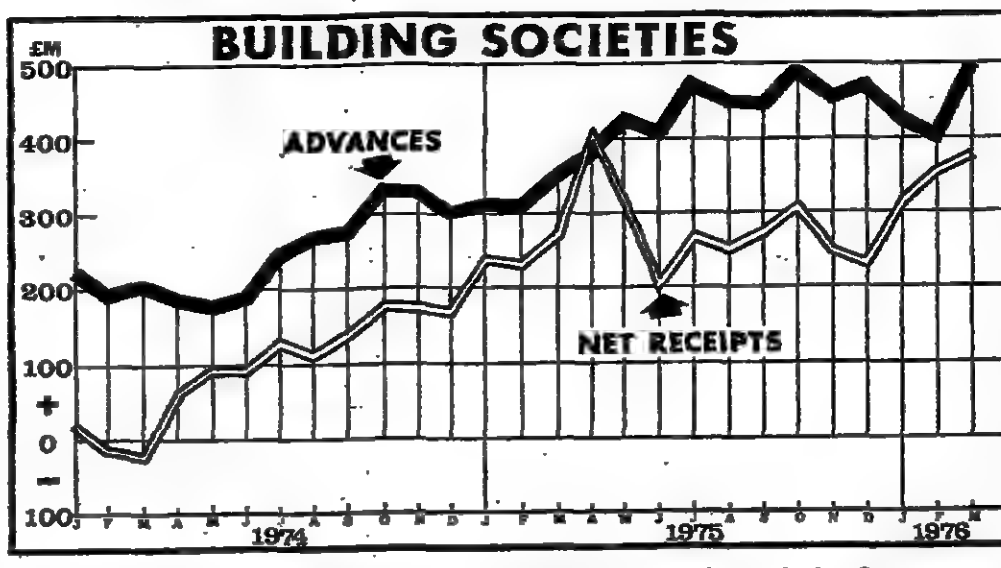
The joint advisory council, which was set up in 1974 to provide a comprehensive monitoring system for the housing market and a forum for the building societies and interested Government departments, has no doubt played a significant part in introducing a more controlled approach to the matters of matching finance with demand and housing availability *in a way which helps to remove* the extremes experienced in the past. In reality, however, the mechanism has not yet been given any major test.

A massive stock of unsold homes and continuing restrictions in incomes have combined with other factors to ensure that, despite the record volume of money being poured into the private housing sector, house prices have recently remained one of the few exceptions to general inflationary trends, continuing proof that building society finance alone does not a price boom make.

That is not to say that a very close watch is not being kept on the situation, for the stock of unsold homes is dwindling rapidly, demand for loans is being maintained at high levels and building society finance is, *for the remainder of this year* at least, planned to remain in plentiful supply. The unofficial overall lending target for the movement this year has been set at about £6bn., a 20 per cent. increase on 1975, and this figure could be stepped up even *further,* but only given continuing stability in the market.

A further potentially inflationary factor is the volume of new homes flowing onto the market and this is certain to be fairly restricted, reflecting the disappointing levels of output recorded over the past 18 months.

The lurking dangers were spelt out clearly a short while ago by Mr. Reg Freeson, *Minister for Housing and Construction,* who warned that current stability in the housing market should not be regarded as a permanent fixture. An excessive supply of credit, he *emphasised, was an important* factor in pushing up house *prices and building societies* were the major source of credit for house purchase.



Warned

The Minister warned that because societies tended to enter commitments on loans some months ahead there was a risk that an incipient house price explosion could not be identified and acted upon before it was too late. It was not the societies' fault, he said, but it underlined the need for caution.

At the first signs of any overheating—which are likely to *show in the lower price ranges* where most of the current purchasing activity is going on—societies would presumably move to cut back on lending quotas to help dampen down the situation.

The trouble is that the socie*ties and the Government are* only too well aware that unless the house builders can look forward to the prospect of more realistic market prices—which societies can help generate via their lending policies—then no major upturn in house building can be expected. The recent low rate of growth in house prices may suit the current anti-inflationary atmosphere but it will not get more homes built.

With the dangers of overheating uppermost in their minds, the societies are very keen to see present activity in the market extended upwards into the more expensive price ranges. *They have pointed out time and* time again—and in the past won Government acceptance of their case—that the housing market is indivisible and if the chain reaction is interfered with, then trouble is in store. Unless, they emphasise, trading up is permitted to work freely, people will not move into more expensive houses, so that overheating is caused lower down the scale, making it much more difficult for first-time buyers to enter the market at all.

The argument has been put forward on several occasions, usually in response to suggestions concerning legislation making it less advantageous to own a more expensive home. There is already a ceiling of £25,000 for loans on which the borrower can obtain tax relief and there have been recurring suggestions that tax relief might be restricted to the level available to standard rate tax payers, along with a reduction in the £25,000 ceiling.

Societies will fight any such proposals on the basis that it could do immeasurable harm to many existing and potential home owners, way beyond the arguably more fortunate category of borrowers at the centre of this type of legislation.

But if measures along these lines are to be pursued by the politicians, they remain for the moment a matter for relatively distant concern as far as the societies are involved. For the moment, the remainder of 1976 *will be presenting them with* enough challenges.

The major question, of course, is quite simply what is going to happen to interest rates? It is a question which *no one can answer but which* everyone has ideas about. The recent plight of the pound—widely considered to bear little relation to the country's actual economic difficulties — has thrown interest rate policies back into the melting pot and the outlook is more uncertain than ever.

Before the most recent upheavals and the raising of interest rates to help stem the pound's worrying decline, building society executives were fairly confident that the rates would in any case be on the increase later this year and their convictions in this respect led to the cautious April decision to cut their own rates because of their very healthy position—but only by a half per cent. all round.

Remedial

An earlier decision might well have led to a larger reduction but, as events have now proved, their careful approach may well have paid off. It re*mains to be seen whether a total* reversal of policy on low domestic interest rates will be forced upon the authorities to save the pound from further humiliation, which would eventually *remove the societies' dominance* in the savings sector, or whether the recent, sharp remedial action involving the use of Minimum Lending Rates will suffice so that societies can leave their existing interest rates untouched for as long as they had originally envisaged.

For the moment at least, the societies continue to hold the type of lead over competing investment institutions which has brought them such unparalleled success in the recent past. It is far too soon to say that the best is now behind them.

Michael Cassell

Offsetting the cut in council loans

PERHAPS one of the most controversial issues surrounding building society operations is the extent to which they should involve themselves in the type of business that, until recently, was widely regarded as the traditional preserve of the local authorities—loans on older, invariably sub-standard properties to low wage earners.

There are those who believe that if the societies really wish to be seen as a somewhat benevolent movement which ranks social considerations alongside financial priorities, then they are doing nothing like enough to help the people who really need assistance.

There are others who believe that this area of involvement is simply not suited to building society operations and is best left to the agencies which have dealt with this sector in the past and still more who believe that societies, in the normal course of their business, are already making a very reasonable contribution in a part of the market which presents far more difficulties and risks than they need contemplate.

The issue came to the forefront last year when, as the Government put it, public expenditure was switched from providing loans on pre-1919 property to below average income borrowers to "other more urgent housing priorities such as the social ownership and modernising of sub-standard houses by councils and housing associations."

Until the cut-back, local authorities had been pushing up their degree of involvement in the mortgage market quite significantly—from 3 per cent. of total homes loans in 1972 to 15 per cent. by the beginning of 1975. The decision, which lopped £100m. off the anticipated budget for 1975-76—a figure already reduced from the previous year's level—took authorities by surprise and most were forced to suspend their lending schemes in mid-year.

Neither could the building societies pretend they knew much about what was to happen but they were soon left in no doubt that they were expected to play a major role in filling the breach left by the cut in local authority mortgage budgets.

The movement at once said it was ready and willing to help, but their quick response disguised considerable doubts about the extent to which assistance should stretch. As many society executives pointed out, they were already hard pressed to meet demand from the type of applicant who represented little or no bad debt threat and who wished to purchase a home which was an equally attractive proposition.

They emphasised that the long-established rules they applied to both borrowers and properties had stood them in good stead over the years and they did not feel inclined towards any major adjustment of these guidelines to accommodate the misfortunes of the local authorities. That feeling still exists to-day, although it is clear that the societies are attempting to help many of the people who would otherwise have sought a loan from their local authority, but without changing the rules.

There was considerable debate over the best way in which societies could help overcome the shortfall. Such were the difficulties of actually establishing a mechanism for substituting local authority finance with building society assistance that there was a lengthy delay before the societies actually began to plug the gap. By the end of last year, however, the movement was ready to make available to potential local authority borrowers £105m. in England, £7m. in Scotland and £5m. in Wales. Arrangements were made for liaison between local authorities and building societies to set the scheme in operation and to monitor its results.

The societies are now emphasising that, the scheme apart, many would-be borrowers from local authorities are now going direct to societies in search of a loan.

They say there is already evidence that the numbers involved are quite numerous, so that the gap is in fact already being filled to a considerably greater extent than the results of the scheme—which are hard to establish—would indicate. The societies' figures show that both the percentage af loans going to first-time buyers and the percentage granted on "perfectly acceptable" pre-1919 houses have increased in recent months. In 1975, societies say they granted 120,000 loans on pre-1919 properties, which was more than the total number of loans made by local authorities to all borrowers.

There are, nevertheless, those who believe that any attempt to help at the lower end of the housing market can only remain muted as long as societies stick to their existing guidelines.

In its evidence to the housing finance review, the Labour Party calls for a proportion of building society funds to be made permanently available "at reasonable rates of interest" to local authorities where the need is greatest, a rigid framework which societies would no doubt resist.

Expansion of the societies' role in the housing market traditionally served by local authority money is clearly a priority within the Department of the Environment and more developments can be expected, not simply in terms of increasing the volume of building society finance involved in traditional loans.

A major topic for conversation has been the prospect of local authority guarantees on building society mortgage advances, a system devised to remove the societies' fears over potential risk business and stimulate lending activity. There have been endless discussions about the legality and practicality of such a scheme but although it may once have been regarded as a non-starter, it may well yet emerge and be put into effect.

If the Department of the Environment—in the guise of Mr. Reg Freeson, Minister for Housing and Construction—has its way a step up in the rate of loans to needy individuals will not be the full extent of the societies' wider brief.

Recently, Mr. Freeson touched on the part which societies might play in the general question of urban renewal and urged closer links with the local authorites. In suggesting ways in which building society activity in this direction could be increased, the Minister said there was the possibility of loans being made to tenant co-operatives for the purchase and renovation of many flats for whose existing private landlord there was little likely long-term future. There was also, Mr Freeson added, the possible lending for purchase and renovation of other old homes by housing associations, as a supplement to the available capital from public funds.

A catalogue of schemes such as those put forward by the Minister might well prove too much for societies to swallow in one go. Many executives still believe that as long as demand from their traditional market remains so heavy yet so unsatisfied, there is little reason for venturing further afield into new areas. The present Government at least, however, seems intent on broadening the movement's social horizons further and it remains to be seen whether this can be achieved without undermining the success and stability which lies behind the building societies' recent achievements.

M.C.

Better links with Whitehall

IT IS NOW hard to remember just how difficult things became for building societies in 1973 and early 1974, when a chronic case of cash starvation led to three increases in the mortgage rate and, at one stage, they were actually paying out more than they were taking in. In retrospect, however, the problems which confronted the movement and led to those dramatic early-morning meetings with Ministers, proved to be a watershed in the relationship between the building society movement and the Government.

Few people would claim that to-day the two sides are in total accord on every subject in which they share a common interest, but there is clearly a better, all-round understanding of each other's relative positions and an overriding desire to maintain comprehensive and carefully thought out policies affecting the private housing market.

The start of this new era of co-operation can be traced back to the Memorandum of Agreement which emerged in October, 1973, in the wake of the rapid interest rate increases but came a few months before the next crisis, when the worst-ever funds shortage threatened to push the mortgage rate—by then a hot political commodity — even higher.

The memorandum was about the only tangible development arising out of discussions between the societies and the Government which took place in those dark days—no one seems to know what happened to the scheme for the first-time buyers which was trumpeted into the housing arena by Mr. Edward Heath—and the document was widely dismissed as a classic political mechanism for shrouding inactivity in a cloak of fine phrases and good intentions. As events have since proved, it was an important turning point.

For it was out of the memorandum that the now well-established joint advisory committee was established, providing a regular forum for the building society movement and government to discuss the entire range of issues affecting the private housing market.

The committee, which comprises representatives of the Building Societies Association, the Department of the Environment, the Treasury, Bank of England and Registry of Friendly Societies, meets monthly to review the current situation with particular reference to changes in interest rates in the economy generally, the inflow and outflow of society funds, housing starts and completions and house prices. On a longer-term basis, it endeavours to provide a forecast of the volume of funds required to produce a substantial and stable supply of private homes, without the type of price distortions experienced in the past.

Few observers treated the committee's establishment seriously and imagined it would slip peacefully into oblivion within a short time. In reality, the committee has now become a major instrument in the mechanism for controlling private housing finance and there is general agreement that it has an important role to play in creating a more orderly housing scene.

Societies have been traditionally isolationist and still treat with considerable caution the intervention of "outsiders." Their initial contacts with Government officials confirmed their long-held suspicions that the way in which societies operated was widely misunderstood although they now accept that the system of regular contact has proved an educational one, for both sides.

At the moment, there is some divergence of opinion over just how much money the present market can take without upsetting the stable price situation and, on a wider approach, exactly how the formula for matching funds to market conditions should work.

It seems clear that, without the involvement of Government, societies would now be lending even more than the estimated £500m. a month now going out. They are confident that, such is the continuing relation between demand and supply, advances could be steppd up further without causing any sharp rise in prices.

Quotas

The official view, however, appears to be that the current lending programme — which should run out about 20 per cent. up on last year—is about right and views do not yet differ widely enough to provoke any confrontation over this particular issue. There is concern within the movement, however, about the way in which societies' lending quotas will actually be manipulated if the need arises.

Most societies are anxious to avoid any rigid formula for artificially controlling the monthly outflow of funds on to the market and prefer to leave matters open for discussion at the appropriate time.

But a more formal mechanism is being sought by the Government, which wants to know how societies would go about cutting back if this became necessary and has suggested that reduced lending on an individual society basis could be based on various guidelines, such as recent asset growth or previous lending programmes. Many society executives feel this type of formula would be going too far and they are hoping that the problem simply never arises.

The Government is, nevertheless, unlikely to be put off. In a recent speech, Mr. Reg Freeson, Minister for Housing and Construction, emphasised that Ministers were ever conscious of the part which an excessive supply of credit could play in stimulating house prices. Clearly, a tightening up all round of monitoring procedures and of the mechanism for controlling the flow of funds on to the market looks on the cards.

On a much wider basis, societies are still anxious to resist continuing and deepening government intervention in the "natural processes" of the housing market. As their evidence to the housing finance review blandly stated, such involvement was not desirable.

The societies believe that consideration being given to proposals such as the removal or part-removal of tax relief on mortgages for higher-income borrowers may well meet long-standing political objectives but could equally lead to distortions in the market which, eventually, would be to the detriment of everyone.

On another vexed question, the sale of council houses, the movement and the present government seem light years apart. The evidence, say the societies, suggests that 70 per cent. or more of households would like to be owner occupiers and it seems strange, therefore, that half of the resources of the building industry are going into council house building.

Councils, the societies feel, should be encouraging tenants to move into the owner occupied sector, freeing homes for people "who really need council accommodation" and saving vast volumes of public funds.

So while the societies and the Government have, in the past three years, worked closer together than ever before in an attempt to achieve a more stable housing market, there remain significant differences of opinion over some of the fundamental policies inevitably involved. The gap seems unlikely ever to disappear, though it may well continue to narrow.

M.C.

High savings inflow

BUILDING SOCIETIES have enjoyed considerable success over the past year or so in attracting funds—underlining still further their role as the major source of regular savings for over 15m. people in the U.K. At the same time, however, the very shortcomings of building society investment as a means of protecting the value of savings have been highlighted as the real value of holdings has been more rapidly eroded by inflation.

The increased inflow is nonetheless remarkable—after all, it is only two years ago since there was a net outflow of money in a quarter. Last year the net inflow was £3.26bn., not far off three times the figure in 1974 and over £1.4bn. more than in the previous peak of 1972. Moreover, the momentum has been maintained this year with a net inflow of more than £1bn. in the first three months.

The societies' ability to attract funds depends both on the general savings background and its particular competitiveness relative to other forms of saving. The startling feature last year was that despite inflation the personal savings ratio—the relationship between personal savings and real disposable income—rose from 12.1 per cent. at the beginning of 1974 to around 14.0 per cent. at the end of last year. There are a number of views about the cause of this rise, which may be partly connected with precautionary saving in the early and middle stages of a recession. But there is no doubt about the impact on the size of the personal sector financial surplus, which last year was roughly five times as high as in 1972.

Moreover, even though the ratio is expected to fall back from last year's exceptionally high levels as the economy recovers later in the year, the average ratio is still likely to be higher than in 1974. And in view of inflation, the personal sector financial surplus—the counterpart to its acquisition of financial assets—should also rise, perhaps only falling slightly in 1977.

The actual level of interest rates, of course, depends on a whole series of factors, not least the fall in sterling as happened following last month's sharp fall in the rate with a $1\frac{1}{2}$ point rise in Minimum Lending Rate. The current general view is that U.S. rates will rise later in the year, which has become rather more likely in view of the indicated tightening in monetary policy this week. This in turn could lead to a rise in rates on this side of the Atlantic even though there is still a fair margin between U.S. and U.K. rates at present.

Threat

A significant rise in the general level of interest rates in the U.K. would pose an obvious threat to the competitive position of the societies. At present, even after a cut of a point in the investment rate in the last 12 months, societies have little to worry about as there is still an ample margin over clearing bank deposit rates and an edge even over local authority three-month rates. And given the societies' caution in altering rates, the competitive cushion can absorb any temporary fluctuation in rates. But in the longer-term the view of many leaders of societies seems to be that there will be pressure for a rise later in the year and that net receipts will then start to decline from the recent high levels.

The recent period of success in attracting funds has also, of course, been one of rapid inflation and for much of last year the value of savers' holdings was being eroded at an after tax rate of 15 per cent. a year. While the gap is narrowing now as the rate of inflation comes down there is still a gap of several points. Against this background it is perhaps slightly surprising that the Government's SAYE and index linked retirement bonds have not been even more successful than they have, though there are limits on the amount of subscriptions. But if inflation started to accelerate again, then the competition from various forms of indexed bonds might be more acute.

The societies have already shown their awareness of the need to broaden their appeal by the increased offering of term shares of varying duration, which now account for between 7 and 8 per cent. of savings balances. All this means a higher interest cost which in turn puts pressure on the rate which the societies have to charge borrowers—the most sensitive issue of all.

The problems of increasing the mortgage rate explain the societies caution about trying to link their investment rates too closely to general market conditions. Moreover during 1974 the Government intervened with a special £500m. loan rather than see the mortgage rate rise to match the increase in investment rates which would have been needed to boost the net inflow. These pressures are unlikely to disappear and at the same time the societies will have to offer sufficiently attractive investments not only to hold but also to increase their share of the savings market.

Peter Riddell

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Dual role in housing market

THE COMPLICATED relationship between the level of building society lending and the housing market has been a politically sensitive issue since the rapid growth in prices in 1972-73. Yet so far in the current upturn, similar problems have been avoided and—at least from the point of view of the societies and the Government—some sort of balance has been maintained between providing sufficient encouragement to builders to step up output and restraining the rate of increase of prices.

Lending has, of course, been at a high level—gross advances rose from £2.95bn. to £4.96bn. last year compared with a previous record of £3.65bn. in 1972. This reflected a high and fairly consistent level of advances rather than a sudden spurt towards the end of the year and the momentum has been continued so far this year with a slight increase in the rate of approvals compared with the autumn to around £480m. to £500m. a month. This is reckoned to be consistent with the target increase in advances of about a fifth to £6.1bn. this year.

Indeed, the rate of price increases has been very modest over the last year and has shown no marked change since the increase in lending from autumn 1974 onwards—if anything, the reverse. The highest quarterly rate of increase in the price of new houses at the mortgage approval stage—always the most sensitive indicator—was in the second quarter with a deceleration in the following two quarters. The rate of growth over the year as a whole was a little lower than 1 per cent. a month.

Moreover, the rate of increase has slowed down even further so far this year according to the Nationwide Building Society's most recent analysis. This shows a rise of only 1½ per cent. in the price of both new and secondhand properties during the first quarter of the year, a smaller rise than any recorded by the society during 1975, nor have there been any signs of any acceleration despite the record level of lending.

The gross lending figures are slightly deceptive, however, because the increase in house prices has meant that any given amount of loans finances fewer house purchases. Nevertheless the number of loan commitments in 1975—696,000—was only slightly below the record total of 728,000 of 1972.

The apparent contradiction between a heavy inflow into the housing market and a steady fall in the real level of prices (after adjusting for the cost of living) is explained by the continuation of a sellers' market. Although there are regional variations as well as marked differences between price ranges, the general conditions are very different from four or five years ago. Demand then was inflated by the sharp increase in local authority rents, a rise in the rate of household formation, a big increase in real incomes and a low point in the ratio of house prices to earnings.

In contrast, as the Building Societies' Association's "Facts and Figures" bulletin has pointed out, there has been a much reduced switchover of council tenants to owner occupation because of the holding down of council rents: in 1972, a total of 72,000 council tenants obtained building society mortgages, while last year the figure was only 26,000.

Squeeze

The rate of new household formation has also fallen, while real incomes have declined and the expectation of a further squeeze has obviously affected confidence. But the key factor may well be that houses are not cheap in relation to earnings. The BSA's figures show that the ratio between average new house prices and average earnings for adult men fell from a peak of 3.67 in the third quarter of 1967 to a low of 3.17 at the bottom of the cycle in the fourth quarter of 1970.

The ratio then rose to a high of 4.81 in the second quarter of 1973 after the price explosion and since then the ratio has fallen back to under 3.6. But in combination with the other factors mentioned, the level of the ratio is still a restraining influence on prices. Against this background of a subdued level of demand, there are still differing views on whether the build-up in lending will—after a time lag—work through to increase the rate of growth of prices, possibly from the autumn onwards.

At present, there are no real constraints on the supply side—for example, the number of completed and virtually completed but unsold houses remained almost unchanged at 28,000 for much of last year. Moreover, there is a growing overall surplus of houses and flats in the country—now totalling about 850,000 units—since the net increase in households is about 150,000 a year compared with a current rise in the total housing stock of well over 200,000 units a year.

The slow rate of price increase is itself a check on the increase in supply. Since building costs have until recently been rising at just under double the rate of prices, margins have been severely squeezed which has reduced the willingness of many builders to undertake new developments.

In any event, there has so far only been a limited recovery in private housing after the sharp fall in the level of building in 1974. Although starts rose by nearly 42,000 to 147,000 this is still below the low point in 1969-70. And completions of 149,000—up 8,900—were also still over 20,000 lower than the private sector total in any year for a decade. Moreover, a dramatic improvement is not expected this year though the figures for the first three months are quite encouraging. The housebuilders have, however, been pressing for the release of even more money by the societies if the recovery is to be sustained.

This broad picture masks a number of important variations—in particular the strong level of activity at the lower end of the market. The squeeze on disposable incomes has been perhaps less marked among this end of the market. Indeed, the Nationwide commented recently that some 55 per cent. of its loans were going to first time buyers, mainly cheaper houses. This is higher than certain previous national estimates of the split. Moreover, while the ratio of house prices to income of first time purchasers has remained virtually the same as it was in 1971, the figure is higher for previous owner occupiers buying a second or subsequent house, mainly further up the price range.

The higher level of demand and faster rate of price increase at the bottom end of the market has stimulated supply here and much of last year's increase in activity was in the cheaper and smaller type of house. And whatever evidence there is of margins stabilising or improving slightly is entirely in these price ranges. Conversely, activity and prices have been much weaker for the more expensive houses and there have only recently been certain limited signs of a ripple effect up the market.

Existing owner occupiers have been more reluctant to move up market because of the squeeze on their disposable incomes, coupled with an unwillingness to take on greater commitments at a time of economic uncertainty. Specific blows to confidence have been caused by the limitations on interest relief on large loans and possible changes in the whole tax structure of mortgages. The result is that a high proportion of the completed but unsold new houses and second hand ones on the market are in the higher price brackets.

P.R.

Doubts at top end

RUMOURS THAT tax relief on large mortgages, or all mortgages, might be cut have been common to all recent spells of Labour administration. Since 1974, apart from the initial actions of abolishing relief on mortgages of over £25,000 and on second homes, the rumours have become fainter as the economy declined and the high-price house market virtually dried up. Even so Ministers, anxious not further to depress a stagnant market, have occasionally had to deny that any fresh measures were being planned.

However, we now have a new Environment Secretary, Mr. Peter Shore, and even before he came to office the submissions to the Housing Finance Review had reactivated the old debate about the big borrowers. It is more than rumours of changes which are now being discussed: many observers think that, following the review, some new penalties for wealthier borrowers are more likely than not.

If the Government is to make changes, then the factors governings its decision fall broadly under three heads: the effect on the housing market, which means the influence of any change at the top end on the Government's priority concern with the lower end of the market and first-time buyers; the imposing of what is seen as an equitable system; and political acceptability (not always, given the number of votes involved, coinciding with beliefs in equity).

The lesson of experience that demand at the middle and top of the housing market cannot be stifled without causing severe congestion at the bottom seems now to be accepted. If people are not moving from the £13,000 house to the £20,000 house—indeed some may be moving back down because of general stringency and higher building society interest rates—then there is both a shortage of stock for those trying to move up from the £8,000 bracket and also the danger of overheating which at, say, £15,000, would put the traders-up out of the market. That can cause the same chain reaction in what were the £8,000 houses, thus making it harder for the first-time buyers in this bracket.

The main recent evidence that the Government is unlikely to ignore this experience lies in the lifting, in June last year, of the special advance mortgage ceiling to £20,000. This ceiling had been at £13,000 since 1971, and while few of the large societies had even 5 per cent. of their advances—half the ceiling limit—in the £13,000-plus range, some of the smaller societies in expensive areas were starting to be constricted. Also, what direct assistance to housebuilders the societies provide has to come from this special advance quota.

The Government may have been rather slow to recognise inflation and lift the ceiling, but that it did so last June—hardly a populist measure in the infancy of the £6 pay policy—showed it had taken the point that, as the Building Societies Association has put it, "The housing market is indivisible and that damage can be caused by *ad hoc* measures aimed at particular sectors."

Evidenced

The evidence of demand in response to lifting the ceiling is slow to accumulate. But a big change in the market is already evidenced in the detailed breakdowns for the third quarter of 1975 against the corresponding period of 1974. The proportion of mortgages over £11,000 had risen from 6.4 per cent. to 12.6 per cent. And on the house prices involved, the over £15,000 bracket had risen from 16.6 per cent. to 21.1 per cent.

The evidence from the house market suggests, at present, that societies could lend substantially on houses in the £20,000-plus area and not cause any marked increase in prices. It is on the higher salary earners who want to buy such homes that the incomes policy falls hardest, so their restraint on buying prices is not in doubt.

That looks like a recipe for a healthy rate of trading up, at least in this sector of the homes of above average price. But as the submissions to the Housing Finance review have been published, it has looked more and more likely that some further disincentive to either those buying expensive homes or high-earners buying any homes, will be introduced to bring in an equitable balance to a rise in council rents to more economic levels.

Even leaving aside submissions such as Shelter's (which wants tax relief restricted to the basic rate, a tax relief ceiling lowered in stages to £10,000, tax relief only for the first ten years and, to ice the cake, a 1 per cent. tax on the replacement value of all owner-occupied houses over five years old) the clear message from the moderate Left has been that home owners have been subsidised and that the bigger the home the bigger the subsidy.

Transport House's own research staff first favoured a complete abolition of tax relief on all home loans. Even if the Labour Party had accepted this line on an equity basis, it was ruled out on political grounds. More favoured is the idea of limiting relief to the level currently enjoyed by the basic rate taxpayer.

This would be done by a "Universal Mortgage Subsidy Scheme," with the Labour Party evidence stating that it would be gradually phased in to avoid hardship to those with heavy existing commitments. In the adjustments, the subsidy would be paid to the building societies and deducted by them.

Labour's thinking on this is based on the greater effective relief the higher one goes up the tax scale. Thus the relief on a £10,000 loan over 25 years for 98 per cent. tax payers would be over £19,000 against £7,000 for standard rate payers.

Three other ideas—relief limited to 25 years, a ceiling on relief gradually lowered to average house prices, and the possibility of "claw-back" of relief to higher rate tax payers—are also included. These are, the evidence says, not suggested as ways of reducing overall housing expenditure, but in order to make the system fairer "and free more resources for investment."

Even the main proposal, of limiting tax relief to that enjoyed by the standard rate taxpayer, is of more significance in terms of equity than money. The saving would be only £60m. a year. So the main results of adopting this policy would be to establish the principle that all mortgagees are enjoying a "Universal Subsidy," and that higher earners must not enjoy more subsidy than the rest (the effect of reducing the £12,000-£15,000-a-year earner to basic rate relief on a £25,000 mortgage would be to add nearly £700 a year to his repayment costs.

There are several objections to the reasoning behind these proposals. Most fundamental, though, is the Building Societies Association claim that average tax relief per dwelling currently runs at £94 against council tenant subsidy at £240. That is a gap which cannot be closed with even the most daring increase in "economic" council rents, and, while it would generally be agreed that some gap should exist, with most council tenants more in need of subsidy than most homeowners, a substantial reduction would be politically unpopular.

Allowing for the consideration of keeping the house-market in some state of activity at the higher levels, the most likely solution favoured, in a complex review of the whole of housing strategy, may be only a minor amendment to the relief ceiling from the present £25,000, but some tougher action on the levels of tax relief to those with £10,000-plus incomes.

Quentin Guirdham

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London.
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
SATURDAY, MAY 8, 1976

Pay restraint goes on

THE REACTION of the different financial markets to the agreement on wage restraint reached this week between the Government and the TUC General Council has been mixed. Demand for long-dated gilts has been strong, and the Government broker has been able to sell sizeable amounts at a gradually rising price. Industrial equities have remained undecided, with such buying as there has been being a spill over from the gilt-edged market. And there has not yet been a strong rally in sterling, despite statements from various international bankers that the pound is now undervalued. It is one of the risks of an incomes policy, of course, that any defiance of it is bound to have an effect on overseas opinion: and the General Council's proposals have not only been condemned by several union leaders but have yet to be approved by a special Congress in mid-June.

The majority of the General Council in favour of the new policy, however, was so strong that there seems to be every chance of it obtaining the approval of Congress. The real test of its success is more likely to come from late-1976 onwards, as the monthly earnings figures show how far it is being observed in practice. The rigidity of the scheme chosen, though making it easier to police, will encourage all those whose differentials have once again been squeezed to seek a way round it, and this pressure will be growing at a time when industrial activity and business profits are rising.

The figures

The rigidity of the scheme has, however, enabled the Government and the TUC to settle for something more than the 3 per cent. increase in wages mentioned in the Budget speech without jeopardising those income tax concessions which were made conditional on an acceptable wage agreement. The 4½ per cent. increase in wage rates which the proposal is estimated to involve does, indeed, look a lot higher than that 3 per cent. But the 3 per cent. was arrived at by starting from a 6 per cent. permissible increase in earnings, if the rate of inflation were to be halved again by the end of next year, and making a 3 per cent. allowance for wage drift. In fact, because the £6 is not to be consolidated and there are to be no exceptions for productivity agreements and anomalies, wage drift is expected to be only 1½-2 per cent.; so that the actual increase in earnings, if the scheme is generally observed, should in the official view be little more than that at which the Government was aiming.

What is more, the Government has made only minor concessions to the TUC in other directions—a resistance which the weakness of sterling, the drop in the reserves, and the decision to call on the first tranche of IMG drawing rights no doubt did much to stiffen. Indeed, it seems to be agreed in principle that, while the Price Code should remain in existence, it should be considerably modified in order to provide firms with the profitability needed to encourage new investment.

Export outlook

The Confederation of British Industry, which will be pushing hard in this direction, this week issued its latest survey of the business outlook: it shows a considerable increase in optimism, especially so far as export prospects are concerned. The fall in the price of sterling, though it will push up the price of imported food and raw materials, will also give exporters a considerable competitive advantage: we have the opportunity, in short, of reducing inflation to a tolerable level while at the same time embarking on an export-led and more prolonged rise in output, of the sort that has so long proved to be out of our reach.

To ensure that this opportunity is not wasted, the Government must ensure that exports and capital investment get priority and are not held up by shortages of productive capacity. This means in the first place that the Chancellor should stand by his threat to take action if the money supply begins to rise at too fast a pace for him to hit his inflation target. It means in the second place that the Government should be ready with further cuts in public expenditure to coincide with rising demand from other sources. And it means in the third place that industry should be allowed to increase its profits sharply, even while consumer living standards are still falling. The agreement with the TUC General Council is an important but only a first step in the right direction.

VICTORY: Left-wing students celebrate the 1974 vote to retain divorce—a potent signal that the old order was changing in Italy.

"Italy under the Communists might well take a more 'European' line than in the past."

A dilemma for Europeans

BY IAN DAVIDSON, Foreign Editor

DURING the next six months, general elections will take place in three foreign countries, which could prove to be of central importance to the EEC, as well as to Britain. There has been some speculation that there could be a British general election within that six-month period as well, as a way of seeking some kind of popular endorsement for the new Prime Minister. But it is arguable that, even in that case, the elections in Italy in June, in Germany in October, and in the United States in November, would remain of major significance to our long-term interests.

In Italy, there is one central question: will the Communist Party (the PCI) do so well that it must participate in one form or another, in the next Italian government? In last summer's regional elections it surged forward to come within a couple of percentage points of the ruling Christian Democrats. It is widely assumed, on the basis of this remarkable performance, as well as because of the revelations of corruption from the Christian Democrat patronage system, that the Communists will do even better this year, and overtake the Christian Democrats as the largest single party in parliament.

Such an outcome need not by any means be a foregone conclusion; it is certainly too early to take it for granted, with over six weeks of electioneering ahead. Even if the Communist Party is as liberal and as democratic as its leaders profess it to be, there must be many potential opponents of the Christian Democrats who still have doubts about transferring their support to a party which calls itself "Communist." On the other hand many Italians may no longer believe that a participation of the Communists in government, either as leaders of a left-wing coalition or as collaborators with the Christian Democrats in a "historic compromise," would necessarily be bad for Italy. The Christian Democrats have had 30 years of unchallenged political domination, and they have failed to tackle, let alone solve, Italy's crying social and economic problems. The Communists themselves, though increasingly confident, clearly doubt their ability to secure a big enough popular mandate to lead a strong left-wing government. But only the Italian electorate can decide whether, in the context of Italy's problems, the Communists are sufficiently preferable to the Christian Democrats.

Even if the Communists do advance into the government arena, from Italy's point of view much, if not everything, will depend on the details. Unless the Communist and Socialist Parties win around 60 per cent. of the popular vote—and the odds against that seem at this stage to be pretty long—the formation of a post-election government would depend on some variant of the haggling which has characterised Italian politics for so long. Were the Communists to overtake the Christian Democrats, it may not be by itself enough to constitute a decisive result, given the distribution of seats among the smaller parties. Whether they secure the "historic compromise" or lead a narrow-majority coalition with the Socialists, the Communists would be vulnerable to pressure from the Christian Democrats or betrayal by their coalition partners. In other words, even if next month's election should mark a watershed in post-war Italian history, and even if political commentators should describe the results as the beginning of a new type of regime, it is not self-evident that, in terms of practical results, the first manifestations of such a "new regime" would be strikingly different from those of the old, even if there were Communists holding some or many of the ministerial portfolios.

Resistance parties

In some foreign chanceries, however, the nuances of Italian politics would seem less significant than the fact that the Communists had "won" for the first time in Western Europe since the rather different "victories" of Left-wing Resistance parties in France and Italy in the immediate aftermath of World War II. Three governments in particular, it may be safely assumed, would be particularly sensitive to such a Communist "victory" in Italy.

In the U.S., President Ford and Dr. Henry Kissinger have both issued dark warnings of the consequences of Communist participation in an Italian government; Dr. Kissinger has appeared to imply that the U.S. would review its commitment to Nato in Europe. While these warnings should no doubt be taken seriously, and, indeed, are so in Italy, not least by the Communists, they need not, perhaps, be taken literally. Dr. Kissinger has a weakness for taking a Manichean view of Communism, but it should not be assumed that, if his warnings fail to cow the Italian electorate, he would choose (or be able) to carry out any predetermined threat against Italy, Nato or Europe. In the event, the U.S. Administration might back away from any extreme reaction to the new situation; the Administration next year, moreover, may not be that of Gerald Ford, but of Jimmy Carter, who has taken a considerably softer line towards the Italian Communist problem than Dr. Kissinger.

Nevertheless, there is a possibility that between June and November the Italian Communist problem will figure as an important element in the American election campaign. At the core of any such debate would be the broader question of America's relations with Western Europe as a whole: would a Communist "victory" in Italy herald a Left-wing "victory" in France, as Dr. Kissinger appears to believe, and would Europe in those circumstances be defensible or worth defending?

It is impossible to foresee the course of such a debate in the U.S., let alone its outcome. But even the holding of such a debate would have repercussions in Europe, by prompting questions about the dependability, not merely of Italy, but also of the U.S., as a member of the Atlantic Alliance. Would West Germany, the least left-wing country in Western Europe and the one most immediately vulnerable to any military threat from the East, tighten its links with the U.S. at the expense of those with its European neighbours? Or would it, conversely, consider that a U.S. attempt to quarantine Italy would undermine the second plank of Germany's foreign policy since the war, the European Community? One must assume that any German government would try to avoid the dilemma of making a choice, but one cannot assume that the simultaneous pursuit of the two separate policies would be as easy as it has proved to be in the past—though Chancellor Schmidt already shows signs of wanting to mediate between Dr. Kissinger and the Italian electorate.

For one thing, Italy under the Communists might well take a more "European" (that is, less pro-American) line than in the past. The PCI favours Italian membership of NATO, provided the Americans play a less dominant role in the organisation. It is a line which might well not be displeasing to President Giscard d'Estaing, despite the fact that it is more or less the line taken by the French Socialist Party, which would be the dominant force in any French left-wing coalition.

American judgment

Even Britain might find it difficult to fall in with American judgments on the Italian question, and the more extreme American judgments turned out to be, the more difficult Britain might find it to fall in with them. Historically, Mr. James Callaghan has regarded the American alliance as the cornerstone of British foreign policy. But at the outer limit, an American attempt to quarantine or exclude Italy from real participation in Nato could induce the U.K. to swing further in the opposite direction than it might otherwise be inclined to do. Beneath the surface would be the crude question: are Britain's long-term interests more closely linked with the U.S. or with its partners in the European Community? Naturally, Britain, like Germany, would wish to avoid a crude choice; but sometimes crude questions cannot be legitimately avoided.

The Nato dilemma is not purely political: it is also financial and industrial. Traditionally the U.S. has had a dominant role as the supplier of armaments to the Alliance, especially at the sophisticated end. In the short run American equipment may often be better, but the one-way traffic involves an immediate balance of payments costs to Europe, and a long-term weakening of Europe's industrial and strategic self-reliance. The European members of Nato are beginning to make some effort to get a genuine two-way traffic going, through the European Programme Group, and the relevance of its efforts can only be heightened by a debate over European-American relations within Nato.

On the internal problems of the European Community, the questions are subtle, but they will inevitably figure in the German election debate, and probably in that of Italy as well. They revolve around a central issue: what sacrifices are the member states prepared to accept to make the Community work better? The subtlety lies in the different choices facing different European countries.

The sacrifice currently being asked of the Germans is financial. Germany already makes far the biggest contribution to the European Community budget, and it is being asked to finance a big increase this year in order to pay for an uncontrollable farm policy whose benefits go primarily to France, Denmark and Ireland. Britain also benefits from the doctrinaire lip-service paid by the Community to the illusion of "common prices," since farm products are imported into this country at an artificial exchange rate, and the difference is paid for by the Community (that is by the Germans). The German government is deeply hostile to the $1bn. supplementary budget being demanded by the Commission; but if it blocked this budget, or even put a fixed ceiling on the farm budget, the farm policy could start to fall apart.

Economic policy

The Germans may, as so often in the past, knuckle under to what they see, in political as well as legal terms, as a treaty obligation. But they may start to ask some more fundamental questions. In a Community whose long-term *raison d'être* is closer integration, there may well be a case for a transfer of resources from rich countries (like Germany) to poorer member states. That kind of enlightened self-interest was behind the $2bn. German loan to Italy in 1974—though whether Germany would be as willing to bail out an Italy which had "gone Communist" may be another question. But is it in any case a sensible use of resources to pay subsidies to rich cereals farmers in the Ile de France, and to a country as prosperous as Denmark, by maintaining high consumer prices which benefit agricultural middlemen throughout the Community? In terms of the Community's long-term interests it is money down a drain which was built to satisfy General de Gaulle 18 years ago.

But if there were to be some more rational way of halting the divergence between the German economy at one extreme and the British and Italian economies at the other, it would have to be on the basis of some sort of *quid pro quo*, or at least of some disciplined decision-making. The Commission has proposed that member states should give undertakings on their economic policies (analogous to those given to the IMF), and should be subject to sanctions if they break their commitments. The proposal has already been rejected by the member states, primarily because of the threat it would pose for national sovereignty. But countries in economic difficulties may have to weigh the attractions of national sovereignty against the advantages they might hope to secure from a rational scheme of transfer of resources.

Judgments about the urgency of the general problem of economic convergence differ widely—that is part of its subtlety. In at least one Community capital the next few months are regarded as crucial; in others there is a traditional and still unruffled belief in muddling through, or in deferring the smallest possible adjustment in national practices until the last possible moment. In their election campaign, all three German parties will instinctively prefer some policy which sounds "European." But the sacrifices of German national interest which will be palatable to the German electorate, will depend to a large extent on the options which the other member states are willing to consider.

In all the Community countries national concerns are bound to remain the top priority. For Italians the first consideration must be how to get better government than they have had for 30 years. Should premature elections be held in Britain, our electorate will face an analogous problem, even if the record of failure is less dramatic. Yet nothing can disguise the fact that the context in which these national dramas are being played out is increasingly international.

Letters to the Editor

Directors

From Mr. E. Dodson.

Sir,—Mr. G. Bonwick (May 1) speaks of non-executive "yes men." Of course such directors, even of public companies, do exist, but my experience has been that "yes men" are more usually found in the ranks of executive directors particularly those who are members of Boards headed by an executive chairman and managing director to whom they suppose they owe their livelihoods.

I have some sympathy with your correspondents who want to know something of the background of the directors of the companies in which they are shareholders. I believe that many chairmen of public companies as a matter of practice say something in their annual statements about newly appointed directors (both executive and non-executive) but any obligation so to do, let alone to give the information your correspondents request, must require legislation. It is unlikely that this will be possible until there is a full review of company law, presumably not until after decisions have been reached about so-called industrial democracy.

In the absence of legislation your correspondents might consider making representations to The Stock Exchange.

Eric H. Dodson.
The Knoll, Ladythorn Crescent, Bramhall, Cheshire.

Nightshirts

From Mr. P. Grotrian.

Sir,—We hear often enough of the difficulties in which the textile industry finds itself. I should like to advise the industry of a simple garment they can, but apparently no longer, make. I refer to nightshirts. Some years ago, I took to wearing these garments; long flannel ones when it is cold and short cotton ones when it is warm. I found out what females have known all along, that is, if the top half of the person is warm, the lower half will look after itself.

I now need to replace my supplies and can I do it? I cannot. We must all have had the experience at times, when asking for something and being told that it is not in stock because there is "no demand" for it. This is certainly not the case with nightshirts, wherever my wife or myself have asked for nightshirts, the haberdashers with one voice reply—"We are always being asked for them and we cannot get them anywhere."

P. R. Grotrian.
Alldens Copse, Alldens Lane, Godalming.

Giro

From Mr. A. Reynolds.

Sir,—I think that Mr. Schattmann (May 4) has misunderstood the new Thomas Cook/National Giro scheme. From my reading of the brochure, Midland Bank's largely (not fully) owned subsidiary company, Thomas Cook, is merely selling foreign currency to National Giro for re-sale to Post Office customers. Presumably other clearing bank subsidiaries supply National Giro with goods and services at a profit?

What Mr. Schattmann and I look forward to is the day when the clearing banks buy services from National Giro, that is, by operating accounts with it. This would simplify the movement of money between current accounts in the two places and facilitate the payment of Access and Barclaycard bills. This kind of relationship is commonplace in at least Germany and Sweden but in the U.K. only the Co-operative Bank and the Trustee Savings Bank among the clearers operate accounts at National Giro. Perhaps the fact that Forward Trust, Lombard North Central and Barclays Life Assurance use National Giro is a sign that attitudes in the other clearing banks are about to change?

A. E. Reynolds.
40, Leyburn Gardens, Croydon.

Education

From Mrs. S. Hamilton.

Sir,—Apart from the kind notice taken by Miss K. E. Campbell (April 27) there has been a deafening silence in response to my suggested "scheme" for education (April 24). It would be flattering to assume that the "scheme" is so brilliant that everybody agrees with it. Flattering—and wrong.

Surely, there are more than two women concerned over the deplorable results leaving our schools and universities these days—the illiteracy rate (to take just one example) is alarmingly high; and this, covering a period of learning where never before has so much money (that is taxation) been poured into education! More capable teaching of reading is absolutely essential to counter the over-strong visual "pull" of TV.

The last point seems not to have been considered in the recent Lancaster Report demonstrating, as it does, the suspicion that very many parents have—that is that their children are not taught properly their own language, except those fortunate enough to come under the conservative discipline of "formal" education. I propose a definition for the word "education"—namely: the teacher teaches the children (and others) *how* to teach themselves. If anyone has a better definition, let him or her throw his or her hat into the ring. Looked at closely, the definition applies as equally valid to all forms of education (which comes from Latin *duco*—I lead) and all manners of teachers and teaching.

We must urgently consider the type of scheme I have suggested—namely the weighting points system, favouring the science and engineering side, plus mathematics and English; leaving social sciences and the Arts (including if necessary, Languages) to the more mature student. Other schemes need to be thought up and discussed too. It is *not* good enough for industry and finance to "leave it to the experts"—that way lies economic, social and cultural doom. We need to teach children (and others) to be able to spot who really are experts and who are bogus.

We need to banish our "parish pump minds" referred to by Mr. George Clare, managing director of Axel Springer Publishing Group (April 30)—and all these tasks begin with the teaching of small children.

Shirley Hamilton (Mrs.).
1, Harland Road, Lee, S.E.12.

Mail order

From Mr. E. Ornstien.

Sir,—Elinor Goodman's article (April 26) lucidly describes several of the factors currently inhibiting growth of mail order. She might have added some others—such as increased facilities for point-of-sale credit at shops, via credit cards, or budget accounts, ever-widening ranges of merchandise at popular variety stores; more comfortable shopping at new precincts. One might also include better parking arrangements, except that some of the public are now realising that motoring to shops adds appreciably to the shopping bill.

In spite of these competitive difficulties, I would not be so confident as Elinor Goodman that mail order's "reputation for above average growth has finally been lost." Leading mail order groups have always shown great ingenuity in adapting to market changes. This is due to their close contact with customers, and an ability to quantify market reactions more accurately and quickly than other retailers can, simply because all their transactions are in writing, and not merely views expressed at third hand via shop assistant to branch manager to higher management.

What the current changes seem to me most likely to produce is a still greater polarisation of mail order into the largest groups. Large scale operation is essential for general mail order—in merchandise purchasing, catalogue production, promotion, and now, direct deliveries. The two leaders GUS and Littlewoods, will I believe have little difficulty in adaptation, and will increase their share of the market. Whether the four runners-up have a scale sufficient for the new conditions — whether mergers among them may become necessary—remains to be seen. As to newcomers, the mass operation required, and the cost of recruiting agents, make general agency mail order almost into a closed shop, unless very large venture capital is available.

I stress that these observations apply only to general mail order companies offering a wide range of merchandise in a large catalogue. There is still room for small operations offering specialist goods or special values not widely available in shops. These can provide a reasonable profit, and good service to their specialist markets, provided the operators are not over-ambitious, and are prepared to continue modest in size. But for general mail order, bigness is not merely best, but essential.

Edwin J. Ornstien.
Saward Baker Advertising.
79, New Cavendish Street, W.1.

Population

From Mr. N. Baker.

Sir,—I was appalled to read Joe Rogaly's complacent article on Britain's population (May 4).

Two propositions are, although arguable in themselves, generally agreed by the majority of people: (i) This country is, by comparison with other countries and in comparison with this country in the past, seriously overcrowded and its amenities have been reduced and social problems exacerbated by a rising population; (ii) In order to improve living conditions for those at the poorer end of the scale more space (in the absence of greatly improved efficiency in using existing inner urban space by local authorities) will be required. A substantial reduction in Britain's population should therefore be welcomed and actively encouraged rather than the reverse.

Naturally much more effective use of manpower and a sustained attack on the over-manning which is endemic in Britain's economic life must be introduced to enable a smaller working sector to support the whole population.

To encourage population growth in this over-crowded country as Mr. Rogaly suggests would be disastrous.

Nicholas Baker.
3 Leinster Square, W.2.

Trusts

From Professor Charles Kennedy

Sir,—Mr. Prowse's explanation (April 28) of the high discounts on net asset value of investment trust shares, in terms of oversupply for a limited and apparently inelastic market, is no doubt the correct one; but it is not an explanation that lends any support to a belief in the existence of the efficient stock market that we are so often told about. Investment trust discounts remain an anomaly, and the right way to deal with an anomaly is not to bemoan it but to exploit it.

Even more strikingly anomalous than the 20 to 30 per cent. discounts of orthodox investment trusts are the 50 to 60 per cent. discounts of the capital shares of some of the split-level trusts. For, whereas in the case of an orthodox trust liquidation or unitisation may be thought to be only a remote possibility, liquidation in due course of the split-level trusts is a certainty. The objection that the high gearing and volatility of capital shares make them an unsuitable holding for widows and orphans does not hold water, since it is a simple matter to neutralise the gearing by mixing in with the capital shares a sufficient holding of Gilt edged or other fixed-interest securities. So long as these discounts remain, it will always be possible to set up a mixed portfolio of gilts and capital shares which, at the time of expiry of the trust, will have outperformed the assets held by the trust, whatever the performance of those assets. In the meantime, the substantial Gilt proportion enables the holder to tailor his income to his own circumstances and to provide for any liquidity needs.

It is not rational for a long term private investor, big or small, to hold directly a single ordinary share or unit trust, so long as these remarkable opportunities remain available in the investment trust sector.

Charles Kennedy.
26, Ethelbert Road, Canterbury, Kent.

The financial anxieties of the Royal Opera House have lifted slightly, at least for the moment, as **Michael Thompson-Noel** explains

A glint of hope for the Garden

IF THE CHANDELIERS at the Royal Opera House, Covent Garlen, appeared to *glint* a little nore brightly last night—operagoers were hearing *Eugene Onegin* and had paid from 80p o £7.50 for their seats—it may have been because the dark forebodings of last autumn have t least temporarily drawn back.

In November, at the time of he last Royal Opera House report, the ROH was facing a 975-76 deficit of £300,000 as a esult of the continuing presures of inflation, the wobbling pound and the penalties of VAT.

None of those problems has liminished, but in the interim he Opera House has received an xtra £200,000 from the Arts Council, *making* a total Arts Council grant for 1975-76 of 3.4m. It has also introduced urther last-resort economies. As a result, the ROH has probably been able to carry forvard into the new financial ear a sum of well above 50,000.

This is obviously a lot more comforting than a deficit of 300,000, but the Opera House s still being forced to live virually week-to-week and to balnce its operations on what Mr. ohn Tooley, the general adninistrator, describes as a azor's edge.

A further helpful sign on the Arts Council front is the likeliood that the Council will be ble to give Covent Garden a rant for 1976-77 not too far ff the figure of £4.5m. escribed late last year as irtually imperative if the pera House was not to be orced to slacken its standards.

Broadly, Covent Garden receives half the grant which most comparable European pera houses receive. This means that in general the amount of subsidy it spends per seat sold is far lower than that *spent by its Continental rivals.*

Despite improvements to its immediate outlook, the ROH, says Mr. Tooley, is still in an atmosphere of financial claustrophobia. "We're operating on very limited resources, which means we're imposing unreasonably on groups of individuals. For example, the orchestra (106 players) and the chorus are too small, so that we can be very stretched in rehearsals. It may be all right to impose on individuals for a while, but there has to be some prospect of a let-up."

The best starting point for a look at the ROH's finances is the last annual report, for the 1974-75 season, which contains a summary of financial results over three years. This shows that total spending in 1974-75 was £4.925m. compared with £3.405m. in 1972-73, while total income over the same period moved from £3.461m. to £4.858m.

The importance of the Government grant is that in 1974-75, it was £2.55m., accounting for 52 per cent. of expenditure compared with 38 per cent. (£1.89m.) for house receipts and other income such as films and broadcasting. These receipts, expressed as a percentage of total expenses, fell from 46 per cent. to 38 per cent. over the three years. This is partly because seat price increases lag behind salary and wage increases and partly because the smaller number of performances in the house in 1974-75—283, compared with 296 the previous year. The decrease was a cyclical variation due to the amount of time required to mount the *Ring* at the start of the season. In years when the *Ring* is not given, more performances are possible.

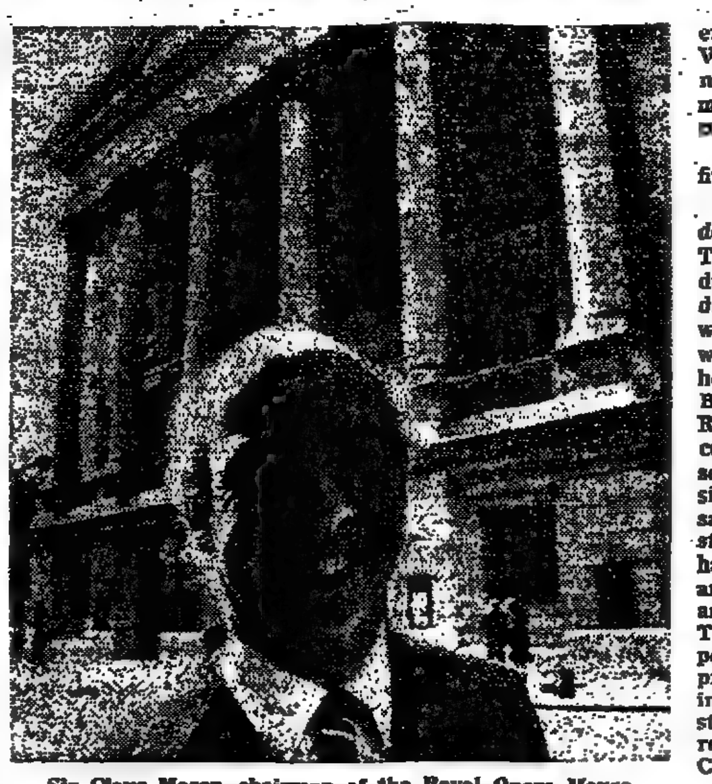
A second, highly readable, source of data on the ROH's finances is a recently-published study of seat prices at the Opera House prepared by Professor Mark Blaug of the London School of Economics, which was written with the encouragement of Sir Claus Moser, chairman of the ROH, and with the advice and assistance of Mr. Adrian Doran, Covent Garden's financial administrator.

As a preface to his study, Professor Blaug observes that Covent Garden's artistic policy is to mount opera and ballet productions of a high international calibre (which are accessible to the young and the less well-off) and that a decision about seat prices is really a decision about artistic policy.

Seat prices at Covent Garden were raised last September by an average of 22.5 per cent., the second increase in ten months, and will undoubtedly go higher later this year. At present, seats range from 60p in the upper slips to a high of £11, although four price schedules are operated, depending on the production.

Professor Blaug first sets out to calculate the "true" cost of seats—the unsubsidised cost—and concentrates on a typical sample period, the second half of the financial year 1974-75, when the price range was 60p-£9.50.

He concludes that if the ROH had raised all seat prices in 1974-75 by equal percentage amounts so as to manage without the Arts Council grant, the prices would have been 150 per cent. higher, ranging from £1.50 to £23.80. "We might conclude that the audience sitting in the centre of the orchestra stalls in December, 1974, to hear *La Traviata*, paid £9.50 for each seat, but all British taxpayers



Sir Claus Moser, chairman of the Royal Opera House.

(including themselves) contributed another £14.30. Likewise, the audience in the upper slips paid £1 for a seat that really cost £2.50."

In fact, a limited number of orchestra stalls and boxes are sold at a premium of about 45 per cent. above announced box office prices; further, it has always been house policy to keep seats in the upper and lower slips at prices which everyone can afford (less than the lowest West End cinema and theatre prices). The result is that the underlying Arts Council subsidy to the worst seats during the sample period was almost certainly more than £1.50, and to the best seats less than £14.30.

Professor Blaug then bravely tackles the complex problem of examining possible audience reaction to still-higher seat prices. The evidence is very ambiguous although in general, with opera, "it is true to say that the higher the price schedule, the higher the proportion of seats sold. In other words, the opera public seems to be sensitive not so much to what they are paying, but to what and of course to whom they are listening."

Even that is only part of the story, but it seems likely that it might be possible to raise prices by even more than 22.5 per cent. for opera were productions entirely confined to Mozart, Verdi, Puccini, Bizet and Wagner, and particularly to the more popular operas of those composers.

The professor next examines five cost-cutting possibilities.

Could the Opera House make do without international stars? These are singers, dancers, conductors, designers and producers with world reputations who command relatively high world salaries. The evidence here is intriguing. Professor Blaug calculates that if the ROH had carried out all its commitments for the 1974-75 season without the use of a single guest artist it would have saved £584,000 in the first instance. However, it would have had to increase the number of artists engaged on contract, at an estimated cost of £205,000. The total saving: £379,000. The possible reduction in seat prices, across the board (assuming that attendances stayed stable): 21 per cent. The likely result: the total demise of Covent Garden.

Could the ROH make do without "unpopular" ballets and operas? The present policy is to weave contemporary and less popular older works into the standard repertory of sure winners. For the purposes of the argument, an "unpopular" opera or ballet event is defined as one that produces less than 90 per cent. of maximum receipts. In theory these could easily be replaced by productions that were safely predicted to yield at least 95 per cent. of maximum receipts for evening performances and 90 per cent. for matinees (*La Traviata, Madame Butterfly*, and so on).

Says the professor: "The total impact of such a policy would be miniscule: if the extra revenue were applied to all seats across the board, seat prices in December, 1974, would have come down by only 5.5 per cent. The reason for this is simple: "unpopular" operas and ballets are sold at low price schedules and filling the house to maximum capacity at low prices generates very little additional revenue."

Could the Opera House dispense with new productions? Of the 110 ballet performances and 30 opera productions in 1974-75, nine one-act ballets and five operas were either new productions or major remakes. Their elimination would have saved £262,495, permitting a reduction in seat prices of 14 per cent.

The professor says: "In the short run, it is perfectly possible for an opera or ballet company to retain its vitality without new productions. But . . . a 14 per cent. reduction in seat prices, while not trivial, can hardly justify so retrogressive a step as the elimination of all new productions."

Could the ROH cut down on lavish productions? Pascal would ask what was meant by lavish, but it is reckoned that if by diligent cheeseparing the Opera House had managed to shave 10 per cent. off production costs, seat prices, across the board, would have come down by just 2.3 per cent. in 1974-75. Orchestra stalls would still have cost £9.25, the upper slips around 53p. *A further* 10 per cent. cut in production costs would have reduced seat prices by another 2.1 per cent. "The extravagant-production argument can hardly be taken seriously."

Could the Opera House change the mix of opera and ballet? In 1974-75, the ratio of ballet to opera was 40:60, whereas for 1975-76 it is possible to show that the removal of ten carefully selected operas (64 performances), and the addition of 62 ballet performances—producing a ratio of 60:40 in ballet's favour—would have added up to £370,000 in net receipts. This sum could have been used to reduce seat prices by a fairly substantial 19 per cent.; alternatively it could have been used to wipe out the whole of what was then the budgeted deficit.

As Professor Blaug points out, there is no way of knowing whether there is a demand in London for 62 more ballet performances a season. "Nevertheless, the fact remains that a little more ballet and a little less opera would ease the financial pressures on the Royal Opera House, and would thus work to hold down seat prices."

To sum up, it is clear that the ROH could resort less and less to guest artists; that it could lean more heavily on old favourites; that it could skimp on new productions, and that it could increase the number of ballet performances at the expense of opera. All these measures would tend to hold down seat prices, but without a substantial increase in its Arts Council grant the Opera House could not significantly cut seat prices without drastically changing its artistic policy.

The professor's last words: "It is not my purpose to advocate. The choice is yours. Indeed, the choice is everyone's, including people who never go to ballet or opera, because everyone is paying for ballet and opera seats."

Why are Covent Garden seat prices so high? Published by the Royal Opera House, Covent Garden, London, W.C.2. 25p.

LABOUR NEWS

Seamen support pay deal—and 50% rise

BY DAVID CHURCHILL, LABOUR STAFF

THE NATIONAL Union of Seamen decided yesterday to accept he new pay policy, while at the ame time seeking a 50 per ent. pay increase from August.

This contradictory policy was assed on the final day of the US general meeting at Sunder-nd, where delegates voted overhelmingly for the substantial ay claim but rejected by a vote 34 to 28 a call for an end to age restraint.

Long-term aim

The delegates' decision to support the pay policy is likely to ean that the NUS will settle ithin the pay guidelines on its aim for 38,000 seamen due to implemented in August.

So far the NUS has asked only r a "*substantial*" increase on e basic rate of £40, but the otion seeking a £20 increase uld be interpreted as a longrm objective rather than an mediate claim. The motion lled for the claim to be presented "at the expiration of rrent period of Government anti-inflation policy."

The change in attitude by delegates came after a powerful plea by Mr. Jim Slater, the NUS general secretary and a member of the TUC General Council, to support the policy.

"Is it the right time when, by five to one, the leaders of the working-class movement have decided that the situation is so grave that they have to forgo those rights which they fought for?" he asked.

Another delegate, Mr. Gordon Norris, claimed that the unions were "on a hiding to nothing" from the new policy because the Chancellor had pitched his offer so low that any increase could be claimed as a victory.

But several speakers said opposing the pay policy would cause chaos and lead to further unemployment.

Delegates voted to ballot all members by post on whether to accept the pay settlement when it was agreed with the employers. Mr. Slater said the members would decide whether the claim was "substantial enough."

White-collar gas men may strike for closed shop

BY OUR LABOUR STAFF

WHITE-COLLAR staff in the gas ustry are threatening industrial action from August to press laim for a closed shop after rly nine months of negotiahs with the British Gas poration.

Another meeting of the work party between British Gas the National and Local ernment Officers' Association, dominant union involved, is be held before the union's ference early in June when union's gas group will discuss 's of forcing a closed shop nearly 60,000 staff.

NALGO already has the policy declared at last year's connce — of instructing its te-collar members in the gas istry not to work with other -union staff. But so far it has implemented this while there been a chance of negotiating eal.

NALGO national official coned yesterday that this policy ld be implemented if the tiations reached complete dlock.

Previous talks with British Gas e been held up because LGO insisted on operating a t trade union shop — with and existing employees g forced to join one of the signatory unions.

But the corporation wanted eptions in the agreement—uding existing staff, junior . and to waive union rules n dealing with emergencies professional bodies. The issue of forcing existing staff into a closed shop is the major problem holding up an agreement.

Meanwhile, the *gas staff* have accepted a £6 across-the-board pay settlement for all adult workers, with a pro rata settlement for junior staff.

Agreement has also been reached on an increase in the London weighting allowance for white-collar gas staff. The inner London limit is increased by £54 to £456 and the outer London allowance by £15 to £300. These increases are backdated to last July.

A £8 pay claim by senior managerial staff in the industry will be considered by the corporation next month.

Return to work vote at Crewe

By Our Labour Staff

SOME 1,500 strikers at Crewe railway workshops are to return to work on Monday following a mass meeting which overwhelmingly decided to accept the recommendation of the National Union of Railwaymen executive to return to work.

The strikers, who were protesting at a demarcation dispute over promotion, agreed to take part in a joint inquiry to determine how men should be promoted to skilled jobs.

Batchelors strike ends

MORE THAN 600 strikers at the Batchelors food factory in Work-, Notts, agreed yesterday to rn to work on Monday, ding further negotiations the company.

The strikers have been out for eek over the company's prod implementation of new ning levels in a bid to cut . The union claims this d affect *over 200 jobs.*

. a mass meeting yesterday, the workers were told of a proposed agreement between Batchelors and the Transport and General Workers' Union.

A company official said the formula for a return to work comprised "the suspension by the company of manning level changes which were introduced on April 26 in return for meaningful negotiations." Talks will begin next week on revised manning levels.

Tories must earn support—Joseph

BY PETER HENNESSY, LOBBY CORRESPONDENT

THE CONSERVATIVE Party could not take the support of businessmen for granted, Sir Keith Joseph, Opposition spokesman responsible for policy and research, said in Aberdeen yesterday.

"*We must earn our support* not by favours, not by class-orientated policies—the mirror image of the kind we condemn in Labour—but by persuasion and leadership, and, when in power, by policies which enable efficient business to flourish to the benefit of all classes in the nation."

Although he did not mention him by name, Sir Keith was responding to a complaint in a recent speech by Mr. Geoffrey Rippon a former Conservative Minister, that too many business leaders failed to speak out on political matters.

Businessmen faced a dilemma, Sir Keith continued. "If they remained at arm's length from Labour Governments, the interests of their employees and shareholders could suffer.

"We should not shrug this away or demand that others jeopardise their interests and those of their families for the sake of principles which politicians themselves may not always have advanced or defended as energetically as some would have hoped.

"It would be more fruitful to change the circumstances which give excess power to politicians, civil servants — national and local—and union bosses than to chide men with timidity for the way they react to a situation of politicians' making."

Eurolink

● Mr. Douglas Hurd, Opposition spokesman on European affairs, yesterday gave a broad hint that once direct elections to the European Parliament are under way, the Conservative Party would affiliate to the new *European People's Party set up* last week by Christian Democratic parties within the EEC.

He told a meeting of the South-West Birmingham Conservative political centre: "We face the prospect of direct elections to the European Parliament some time in the next few years. Obviously it would be crazy for the Centre and Right parties *inside the Community to fight* these elections as fragmented groups in oppositoin to a coherent Socialist movement."

At the end of this month, Mrs. Margaret Thatcher, Opposition leader, will address the party conference of the West German Christian Democratic Union in Hanover.

Commons approval for parity on committees

THE ROW over the composition of Commons standing committees dealing with legislation finally ended yesterday when the House formally approved a Government motion conceding that "only an overall majority in the House should guarantee a majority in each committee."

The Conservatives, therefore, have won the concession they were seeking from the Government that there should be parity on the standing committees between Labour members and those *in Opposition.*

Standing Order 62, which deals with the composition of Commons committees, is vague on this point.

Mr. John Peyton, shadow leader of the House, said: "The announcement by the Leader of the House concerning the future composition of standing committees is a welcome acknowledgement of the rules of Parliament which governments, like other people, must respect. It would be churlish to dwell on the point, but it is hard to avoid the comment that it is a pity that the *Government did not take this* position in the first instance."

GKN plans appeal if Sachs deal is vetoed

BY MARGARET REID

GUEST KEEN and Nettlefolds, the large engineering group, will lodge an appeal if its DM330m. (£71½m.) plan to take over a near-75 per cent. stake in the Sachs motor component concern is vetoed by the West German Cartel Office.

Mr. Trevor Holdsworth, a deputy chairman of the group, said this yesterday after the GKN share price had fallen, following suggestions that the transaction—one of the biggest acquisition plans by a British company in Europe—might encounter difficulties.

The German magazine "Der *Spiegel*" *suggested on Thursday* that the cartel authorities considered that Sachs' Fichtel und Sachs subsidiary already had enough of the German clutch market with a 75 per cent. share which would be increased by the link with GKN.

Last night, a spokesman for the Cartel Office, in Berlin, said the office would announce on May 14 or 15 whether it considered the GKN takeover violated the cartel laws. A ruling was due by May 19.

Mr. Holdsworth said yesterday: "There is absolutely no decision, formal or informal, that we know of. If the decision went against us, we would appeal right away." GKN shares closed *19p lower on the day at 326p.*

Should the Cartel Office's ruling be adverse, GKN's next move would be an appeal to the special commercial court, the Kammergericht, which deals with cartel matters.

Consent to the deal is also required from the European Economic Community authorities, since both GKN and Sachs *produce steel products.*

It was announced in January that GKN, whose existing large business in Germany consists mainly of its Uni-Cardan concern, making universal joints and propeller shafts, had reached agreement to buy 75 per cent., less one share, of Sachs' capital. The Cartel Office's decision, due last month, was postponed to allow more information to be sought.

Economic Diary

NATIONAL Economic Development Council meeting on Wednesday.

SUNDAY—Mr. Anthony Crosland, Foreign Secretary, begins visit to Japan.

MONDAY — European Central Bankers begin two-day monthly meeting in Basle. Hire purchase and other instalment credit business (March). Retail trade (March-final). Wholesale price index (April).

TUESDAY—British Institute of Management conference on pay and incentives policy after the £6 limit. London Hilton. Mr. Fred Peart, Minister of Agriculture, at Food Manufacturers' *Federation lunch. Hotel Inter*continental, London. Mersey Docks and Harbour Board annual report.

WEDNESDAY—London clearing banks' monthly statement (mid-April). U.K. banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-April). Labour Party national executive special meeting on election manifesto, Transport House, London. Confederation of British Industry survey into employee attitudes towards profits, investment and other *basic industrial economics*. Mr. Eric Varley, Secretary for Industry, at Electronic Engineering Association dinner, Savoy Hotel, London. British Rail Board report and accounts. Lloyd's Register of Shipping merchant shipbuilding return for first quarter.

THURSDAY—British Transport Docks Board annual report. Finished steel consumption and stock changes (1st quarter prov.).

FRIDAY—Balance of payments current account and overseas trade figures incorporating the import and export unit volume index and terms of trade (April). Retail prices index (April). Building Societies' receipts and loans (April). Index of industrial production (March). Usable steel production (April). Mr. Denis Healey, Chancellor of the Exchequer, at National Savings Assembly, Tara Hotel, Kensington, London. Mrs Margaret-Thatcher, Conservative Leader, begins visit to Scotland.

COMPANY NEWS + COMMENT

Aberdeen Construction tops forecast

PRE-TAX PROFIT for 1975 of **Aberdeen Construction Group** expanded to £3.6m., compared with a forecast of "approximately the £2.99m. for 1974." At halfway profit was up from £0.66m. to £1.52m.

Earnings per 25p share increased from 2.89p to 14.99p, and the dividend is stepped up from 3.4541p to 3.75p with a final of 2.25p.

	1975 £	1974 £
Turnover	53,477,371	42,894,110
Pre-tax profit	3,603,164	2,985,918
Taxation	1,836,207	1,260,479
Losses subs sold	110,246	1,385,229
Extraord. debit*	908,942	1,454,372

* Comprises net costs of writing off investments in subsidiaries sold during the year.

● comment

Aberdeen's full-year pre-tax profits are 21 per cent. ahead of forecast and 86 per cent. up on 1974 (excluding that year's £1m. on land sale). But after an increase in the tax charge, the earnings gain is held at 60 per cent., excluding both the land sale and exceptional items. The shares rose 3p to 74p where the p/e is 4.5 and the yield 8 per cent., covered four times. There has been a substantial cut in borrowings which, together with lower interest rates prevailing in the second half, has reduced financing charges. Meanwhile, the three remaining divisions are continuing to show buoyancy, with current order books at satisfactory level. Though it is still plagued by shortage of skilled labour for the lucrative North Sea contracts, prospects are for further growth in the current year.

HIGHLIGHTS

The Lex column concentrates on the market to-day, and also takes a look at the Malaysian Government's offer for the 48 per cent. of **Perak River Hydro** that it does not already control. Elsewhere the full year figures from **Aberdeen Construction** show pre-tax profits a fifth higher than forecast last September, and the prospects are for further growth. Meanwhile **James Neill's** preliminary results reveal a pre-tax profit below its interim indication, while **Alginate Industries'** easing in second half profits had already been indicated and the optimistic statement for the current year was well received in the market.

I. Dewhirst growth to continue

FIRST HALF trading of clothing manufacturer **I. J. Dewhirst Holdings** will compare with a period of favourable trading a year ago, but the chairman, Mr. A. J. Dewhirst, expects continued growth, although at a slower rate.

There is considerable scope for growth in the factories and cash resources to take full advantage of any upturn in demand, he declares.

The directors are looking at ways of increasing export sales, particularly on men's suits and leisure wear.

As known turnover in the year to January 18, 1976, was £7.59m. (£5.74m.), pre-tax profit £685,593 (£487,175), the dividend 2.35p net (2.46p) and a one-for-three scrip issue is proposed.

Selective expansion reaped its reward in increased sales and profits. Although trading was more difficult in the second half, by close liaison with the main customer, Marks and Spencer, the worst effect of reduced demand was mitigated by developing in new areas.

Meeting York, June 11, noon.

Sharp drop to £96,833 at Slingsby

Sales of **H. C. Slingsby**, makers of trucks and ladders, were marginally ahead at £2.33m. for 1975, compared with £2.19m., but pre-tax profit dropped sharply from £219,964 to £96,833.

	£	£
Sales	2,330,389	2,193,077
Pre-tax profit	96,833	219,964
Tax	64,310	128,665
Minorities loss	14,746	*7,980
Attributable	47,069	91,319
Exchange surplus	26,680	11,890

* Profit.

When reporting first half profit halved from £102,374 to £52,363, the directors said that year-end results were unlikely to match those for 1974.

Jas. Neill well off target

Earnings per 25p share for the year are shown to be down from 9.13p to 4.71p—final dividend is 1.65p net for a 2.25p (same) total.

GROUP PRE-TAX profit of **James Neill Holdings** decreased to £2,149,000 for 1975, compared with a forecast of not less than the £2,616,000 for 1974. At halfway profit was up from £1,170,000 to £1,492,000.

The chairman, Mr. J. H. Neill, states that the expected upturn of demand which had been anticipated in the autumn failed to materialise, but since the beginning of 1976 there has been a "significant and encouraging improvement in order intake." The company is engaged in tool manufacture and general engineering.

Earnings per 25p share decreased from 8.9p to 8.3p. The dividend is raised from 3.9935p to 4.331p net with a final of 2.331p.

	1975 £000	1974 £000
Turnover	25,449	22,374
Invest. income	54	73
Interest payable	1,130	815
Pre-tax profit	2,149	2,616
Taxation	1,012	1,401
Minorities	6	17
Extraordinary credit	141	*583
Attributable	1,330	800

* Debit.

The fall in profit reflects a £200,000 increase in depreciation, mainly as a result of the policy of revaluing fixed assets, and the increase in interest charges on additional bank borrowing of £2.3m. required to finance finished stocks which by the end of the year had increased by over £3m.

The directors believe this will provide the group with a buffer to meet the demand when the economic upturn comes. It has also protected the employment of the workforce.

● comment

James Neill was caught by what it calls a "false dawn" last September and pre-tax profits for the year were £470,000 short of the interim forecast. After the 37 per cent. rise in U.K. trading profits in the first half, a complete about-turn occurred in the second while the overseas contribution also fell by more than 30 per cent. Meanwhile, the overall picture would have certainly been much worse but for a significant stock profits element. Stocks are now high but this is enabling a fixed price policy which is currently bolstering sales. However, increased orders will not really reduce stock levels until the second half because production schedules are being maintained. This implies a minimal reduction in the debt/equity ratio which is 58 per cent. At 75p the shares yield 9.2 per cent. covered 1.9 times where the p/e is 8.7.

Ulster TV

From higher turnover of £1.54m., compared with £1.17m., taxable profit of **Ulster Television** more than doubled from £113,000 to £230,000 in the six months to January 31, 1976—according to the chairman, the Earl of Antrim, this shows a welcome response to the trend of television advertising revenue.

But he does not expect that revenue for the rest of the year will continue to show such a marked increase; however, sufficient to pay a dividend increased within counter-inflation legislation at least equal to a 1.7p (nil) interim now declared.

	Half year 1975-76 £000	1974-75 £000
Turnover	1,536	1,165
Trading profit	201	88
Investment income	29	25
Profit before tax	230	113
Tax	120	59
Net profit	110	54
Interim dividend	41	—

It is anticipated that there could be a charge for Exchequer Levy in the year ending July 31, 1976. An estimated provision for the half-year has been made in arriving at the trading profit.

Confidence at J. E. England

ALTHOUGH potato prices are not expected to be maintained at the present high level, the underlying trend of activities at **J. E. England and Sons (Wellington)** is one of expansion, Mr. J. R. England, chairman, tells holders.

This is likely to continue and will mitigate the effect on profits of lower turnover. The current year has started well and the outcome "is likely to be another good year."

Mr. England is "confident for the future."

On April 6 it was reported that the company made record profits of £0.38m. during 1973, compared with £0.19m. on turnover of £19.88m. (£10.15m.). Mr. England explains that both these figures were inflated by the "unprecedented rise" in potato prices in the latter part of the year but also reflect further benefits from diversification and improvements in facilities and management.

The dividend for the year is stepped up from 1.0628p to 1.1553p, the maximum allowed.

The accounts show a supplementary payment of £60,000 to the company's pension fund to cover inflation. The chairman's emoluments for the year are shown at £24,381 (£12,329).

Meeting, Telford, June 3, 2.30 p.m.

Good liquidity at Richards Leicester

The continuing economic recession and some gaps in the order books of **Richards (Leicester)** make it difficult to forecast future profits with any certainty, but there are signs of a slight upturn in trade in the *home market, says the chairman,* Mr. T. L. Plenman.

Liquid funds increased by nearly £225,000 in 1975 enabling the directors to authorise a further stage of modernisation this year with additional major capital expenditure under consideration for implementation in 1977 and 1978.

As known group pre-tax profit increased from £326,224 to £462,245 in 1975, and the dividend is 3.1p net (2.85p).

The business is that of structural and mechanical engineers and ironfounders. Wincobank Foundry and Engineering and associates holds 21.3 per cent. of the capital.

Meeting, Leicester, June 2 at 2.45 p.m.

Alginate turns in £1.65m.

ON SALES up from £8.73m. to £10.15m., group pre-tax profit of **Alginate Industries** decreased from £1.71m. to £1.65m. in 1975.

When reporting first-half profit of £795,000 (£801,000), the chairman, Mr. W. R. Merton said profit for the second half was not expected to be substantially less than that for the first half.

Orders for the first quarter of 1976 show an increase over last year in both volume and turnover and in the absence of unforeseen circumstances, profit for the year should show "a reasonable increase," says the chairman.

In view of the prospects for the current year the directors feel justified in recommending the same total dividend of 12.3p per 25p share. The final is 8.3p net.

As a result of tax reliefs available for capital expenditure and stock appreciation, the company will have minimal liability for main stream corporation tax in respect of 1975.

Stated earnings per 25p share decrased from 15.65p to 14.32p. If all the issued shares (5,456,411 following the issue of shares in lieu of the second interim dividend for 1974) had been in issue throughout the period, earnings per share would have been 14.15p (14.40p).

	1975 £000	1974 £000
Home turnover	2,816	2,338
Export	7,329	6,374
Total turnover	10,145	8,712
Profit before tax	1,651	1,710
Taxation	845	891
Pref. dividends	34	34
Attributable Ord.	772	785
Ord dividends	682	*161
Retained	90	624

* After £480,000 in shares.

● comment

Alginate Industries anticipated a difficult second half in its interim statement: in the event, profits during the period eased by 6 per cent. pre-tax, after a 1 per cent. drop at half time and this combined with an optimistic statement on current year prospects sent the shares 8p higher yesterday to 230p. Sales volume continued to decline for most of the second half as demand from the textiles and food industries remained depressed, but there was evidence in the last few weeks of the year that orders were beginning to pick up. This trend has continued in the current year and the group is now working closer to full capacity than at any other time in the last couple of years. The group's borrowings have apparently crept up from *the £440,000 net level at the end* of 1974 but gearing is still fairly low, and with an increase in profits this year looking a fairly safe bet, the shares yielding 8.7 per cent. seem reasonably valued.

Mr. W. R. Merton, chairman of Alginate Industries.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Construction	2.25	—	2.06	3.75	3.45
Alginate	8.5	July 1	8.5 (b)	12.3	12.3
Allebone & Sons	0.96	June 10	0.96	1.31	1.31
Fortnum & Mason	15.3	—	15.5	19	19
Leadenhall-Sterling	1.54	Aug. 2	2.17	2.49 (c)	3.05
Maxim's	4.0 (a)	—	3.3	4.0	3.5
Mentmore	0.68	Oct. 4	0.6	0.83	0.76
James Neill	2.33	June 11	2.03	4.33	4.0
RCF Holdings int.	0.88	July 2	0.88	—	2.44
Rush & Tompkins	1.46	—	1.28	2.24	2.15
H. C. Slingsby	1.65	—	1.86	2.25	2.25
Ulster TV int.	1.7	July 6	Nil	—	3.2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) Including second interim 8.4p. (c) For nine months.

REFUGE ASSURANCE

At an EGM of the shareholders of Refuge Assurance, proposals to enfranchise the non-voting "B" shares and the re-organisation of the capital into one class of Ordinary shares were all passed, as was the proposed scrip issue as compensation to former "A" shareholders.

Permission to deal in shares in the new form has been granted by the Stock Exchange, and renouncable certificates for the new shares arising from the scrip issue have been posted.

Allebone profit downturn

SHOE MAKERS and retailers, **Allebone and Sons** report a sharp fall in pre-tax profits from £369,326 to £162,477 in the year ended January 31, 1976. Turnover amounted to £8.75m. compared with £8.09m.

First half profits had dropped £2,000 to £133,000. The directors said then that with the application of price controls, net profit margins would be reduced and its was unlikely that profits would exceed the previous year's record.

Stated earnings per 10p share have fallen from 3.69p to 0.99p. The net final dividend is kept at 0.96p making un unchanged total of 1.31p.

The year's profit is struck after interest charges of £149,523 (£111,020) but before tax of £110,316 against £302,264. There are extraordinary credits of £9,710 (£18,436).

Profit fall for RCF at midway

PROFITS OF hand tool makers and distributors, **RCF Holdings**, were down from £303,000 to £119,000 in the six months ended January 31, 1976 before tax of £58,000 against £153,000. Turnover increased from £5.03m. to £5.22m.

The interim dividend is being held at 0.875p net per 25p share—the previous total was 2.4375p from pre-tax profit of 904,616.

too early to make a satisfactory forecast but last few weeks have seen a modest strengthening of home and export markets and they have adequate order books.

It is also too early yet to be confident that this trend will continue but the company is currently operating at an improved level of profits compared with previous period and it has the capacity to take advantage of an improvement in world trade.

The company is a subsidiary of the British and Commonwealth Shipping Company.

Francis Industries to expand

The chairman of **Francis Industries**, Mr. D. M. Saunders says the group has a comprehensive programme of further investment which will be implemented as soon as trading conditions indicate that this is justified.

This could depend to some extent on relaxation of restrictions, not only on the recovery of cost increases, but also on the generation of increased profits with which to pay for additional investment.

There are signs that the recession is easing and there are indications that trading conditions may improve towards the end of the year, the chairman says.

As reported on April 23, pre-tax profits for 1975 were down from £720,199 to £467,481. The net dividend is 2.3p (2.33p) or an unchanged 14.175 per cent. gross.

Substantial operating losses were incurred by the subsidiary, Clear Hooters. Further rationalisation of the range of horn and metal products is being pursued and current trading losses should *soon be eliminated.*

After a satisfactory performance last year prospects of United Lift Co. for 1976 and beyond are encouraging, the chairman says. Meeting, Waldorf Hotel, W.C., June 1 at 3 p.m.

Mentmore second half downturn

SALES FOR the year to January 31, 1976 of **Mentmore Manufacturing Company** increased from £6.62m. to £7.62m., but pre-tax profit contracted from £630,000 to £503,957.

When reporting first half profit little changed at £258,314 (£263,018) the directors said they anticipated a "satisfactory increase" in profits for the year.

The dividend is raised from 0.7631p to 0.8337p net with a final of 0.68p per 5p share.

	1975-76 £	1974-75 £
Sales	7,623,765	6,615,462
Pre-tax profit	503,957	630,040
Taxation	202,268	294,833
Tax equalisation	94,335	150,000

Leadenhall-Sterling

Following the change in its year end, **Leadenhall-Sterling Investments** reports turnover of £2.95m. for the nine months to December 31, 1975. Compared with £3.60m. for the year ended March 31, 1975 Trading profit was unchanged at £200,000.

Stated earnings per 25p share are 9p (10.2p for year) and as forecast, the net final dividend is 1.536p making a total of 2.494p for nine months against 3.049p for the previous 12 months.

Last December, the directors said that the level of despatches was satisfactory *indicating* that results before tax and extraordinary items for the nine months should not be significantly different from those for the previous year.

Tax charge for the nine months is £59,000 (£30,000) and there are extraordinary credits of £2,000 (£8,000).

The directors state that it is

Maxim's lifts total to 4p

Maxim's, restaurateurs, is raising its dividend from 3.5p to 4p gross per 25p share for 1975.

Turnover was £1,315,897 (£1,108,901), and pre-tax profit £28,617 (£17,663) after crediting prior year adjustments £3,315 (£810).

Tax absorbs £6,234 (£5,408), leaving attributable £23,510 (£16,798).

Earnings per share were 10.81p (6.59p) and 12.69p after adjusting for prior year adjustment (6.95p after year adjustments and scrip issue).

Holders will, as previously, be entitled to opt for a scrip issue in lieu of dividend.

John Lewis sales at £6½m.

Sales in the John Lewis Partnership department stores and specialist shops last week were more than £3.7m.—still down 8 per cent. on the similar week last year.

Total sales at nearly £6.5m. were up 2.6 per cent. on the similar week last year.

The results for the 13th week now extended beyond the last of the figures last year distorted by the sales boom which preceded the change in the rate of VAT, Mr. E. E. Greenhalgh, the director of trading, for the department stores, pointed out.

In Waitrose, the Partnership's food group, sales at more than £2.6m. were 21.8 per cent. up on the corresponding week last year.

Results due next week

Next week will bring first quarter figures from **Royal Dutch/Shell Group** and two insurance majors, **Royal and Commercial Union**. Also set to produce figures are **Sears Holdings**, **Ranks Hovis McDougall**, and **Richard Costain**.

Royal Dutch/Shell Group's net income in 1975 slipped from £1.09bn. to £950m. This reflected a volume fall of around 13 per cent. though there was evidence that a trading improvement was beginning in the later months as the fourth quarter net income of £270m. was the best of the year. The trading recovery appears to be continuing in the current year and market estimates suggest annual net income for 1976 of between £1.2bn. and £1.3bn., though it *seems unlikely that this* improvement will be reflected in the first quarter profits on Thursday.

First quarter figures due from both Royal Insurance and Commercial Union next week are being viewed as rather less significant than the performances in the second half. In the case of *Commercial Union, the recent big loss-maker, the forecast is for* £8.5m. pre-tax, compared with £12m. in the first quarter of 1975, but the trend is perhaps clearer when seen against the losses of £700,000 in the third quarter of last year and £23.7m. in the fourth. The underwriting loss is expected to be around £15m. but investment income probably *rose* to £27m. Royal Insurance's recovery in the U.S. has come through sooner—even so, its profits performance will have been checked by the January storms in the U.K. contributing to an underwriting loss of about £8m. and leaving pre-tax profits at a projected £9½m. against £6.7m. CU reports on Monday and Royal Insurance on Thursday.

At its January AGM Ranks Hovis forecast that its current year interim profits would be "significantly" higher. In 1975 profits rose from £22.8m. pre-tax to £30.2m., with the non-baking interests providing all of the growth as bread and cakes contribution suffered a near £4m. *downturn to break-even.* A recovery here is apparently under way and the group is hoping for further, if steadier volume growth in the milling and overseas activities. However, much of the improvement in the half-time pre-tax level (to be announced on Tuesday) will probably come from the lower interest charges following February, 1976, £15.8m. rights issue.

The market has been predicting £46m. pre-tax for **Sears Holdings** for some weeks now: this would be about £5m. up on the 1974 total but would take in about £3m. non-trading profits from, for instance, loan redemptions and property gains. Supporting this forecast is evidence of a recovery in demand for knitting machines and encouraging first half figures from the licensed betting offices division. Interest payments on loans are expected to be substantially higher but at the earnings level, this could be more than offset by currency gains. The figures are due on Tuesday.

Richard Costain's full year results also on Tuesday are expected to show a gain of around three tenths at pre-tax level to between £13.5m. and £14m. This follows another year of new contracts from the Middle East although profits from here will, of course, take some time to work through. Meanwhile in the U.K., *the house building situation has* proved better than expected but some brake on profits growth is likely to have occurred in West Germany where problems of delays and cost increases are still to be sorted out. In the first half, pre-tax profits were up around 30 per cent. to £5.5m.

Other results expected next week *include, on Monday*, the prelims from **European Ferries** and the half-year *profits* from **Staveley Industries**, and on Tuesday, the half-year statement of **Ransome Hoffman Pollard** and the final of **Bunzl Pulp and Paper**. *The interim figures from* **Lloyds and Scottish** and the first quarter profits **Philips Lamps** are expected on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Investments	Monday	0.75	0.9	0.75
Allied Irish Banks	Wednesday	2.575	3.575	2.575†
Altifund	Wednesday	2.0	4.75	2.0
Amalgamated Power Engineering	Friday	1.055	2.0	1.055
Anglo-African Finance	Monday	—	0.554	—
Ash Spinning	Wednesday	1.5	2.125	1.6
Atlas Electric and General Trust	Thursday	0.35	0.5	0.4
Barr and Wallace Arnold Trust	Tuesday	—	2.75	—
Bishopsgate Trust	Monday	1.4	2.6	1.5
British Syphon Industries	Wednesday	0.45	0.716	Nil
Bunzl Pulp and Paper	Tuesday	2.172	1.54	2.395
E. Chalmers Holdings	Friday	0.55	0.527	0.55
Richard Costain	Tuesday	1.75	2.144	2.0
Deritend Stamping	Wednesday	2.8	4.8	3.0
Estates House Investment Trust	Friday	—	—	2.0
European Ferries	Monday	0.55	1.116	0.6
External Investment Trust	Wednesday	1.25	1.45	1.5
John Folkes Hefo	Wednesday	0.7	0.7155	0.33
John Foster and Son	Wednesday	0.438	2.031	Nil
F.P.A. Construction Group	Thursday	1.0	0.625	Nil
Frank G. Gates	Thursday	—	3.539	—
Globe Investment Trust	Tuesday	0.95	1.75	0.95
Gross Cash Registers	Friday	0.772	1.67	0.772
Harcros Investment Trust	Thursday	0.28	1.12	0.28
James Harrison Holdings	Friday	Nil	1.4	Nil
Head Wrightson	Thursday	Nil	1.125	0.975
Charles Hill of Bristol	Wednesday	Nil	2.5	2.0
King and Shaxson	Thursday	0.7	2.145	0.9
London Asiatic Rubber and Produce	Wednesday	0.277	1.725	[illegible]
P. and W. Maclellan	Tuesday	0.5	0.8	0.5
More O'Ferrall	Tuesday	1.1	1.7	0.75
Nurdin and Peacock	Tuesday	0.748	1.022	1.1
Pyramid Group (Publishers)	Thursday	0.336	1.203	0.336
Royal Sovereign Group	Thursday	1.09	1.11	1.09
Sabah Timber	Tuesday	0.35	0.874	0.35
Sears Holdings	Tuesday	—	1.91	—
Shellabear Price (Holdings)	Monday	0.875	1.403	0.875
Tarran McCaul	Monday	—	Nil	—
Tharsis Sulphur and Copper	Tuesday	—	Nil	—
Transatlantic and General Investments	Wednesday	1.25	1.45	1.5
Trust Union	Thursday	0.9	1.1	1.0
Usher-Walker	Tuesday	0.85	1.784	0.935
Alfred Walker and Son	Monday	—	1.75	—
C. and W. Walker Holdings	Wednesday	1.3	1.25	1.3
Thomas Warrington and Sons	Monday	1.164	1.718	1.164
Young Companies Investment Trust	Monday	1.0	1.6	1.0
INTERIM DIVIDENDS				
Belgrave Assets	Wednesday	0.25	0.125	
Central Manufacturing and Trading Group	Wednesday	1.105	1.083	
Davenports Brewery (Holdings)	Thursday	0.683	1.50	
Investment and Property Holdings	Monday	Nil	Nil	
Investors Capital Trust	Tuesday	0.3	0.5	
Judge International	Friday	0.5	1.346	
Lloyds and Scottish	Thursday	1.28	1.096	
London and Prov. Shop Centres (Hldgs.)	Monday	0.249	0.352	
Meru Group	Wednesday	0.297	—	
Northern American Trust	Thursday	0.7	1.6	
NSS Newsagents	Tuesday	0.538	1.191	
Samuel Osborn	Monday	1.0	2.2	
Petrocon Group	Monday	0.964	2.94	
Ranks Hovis McDougall	Tuesday	1.079	1.593	
Ransome Hoffmann Pollard	Tuesday	1.19	1.938	
Redfearn National Glass	Friday	0.875	2.716	
Scottish Investment Trust	Thursday	0.453	1.395	
Sereck	Thursday	0.8	1.798	
Stag Line	Friday	3.5	5.92	
Staveley Industries	Monday	3.0	4.0	
Tricoville	Monday	0.5	0.667	
Warner Estate Holdings	Thursday	1.1	2.1963	
White Drummond	Thursday	1.151	1.684	
John Williams of Cardiff	Thursday	0.67	1.118	
INTERIM FIGURES ONLY				
Automatic Oil Tools	Monday			
Clydesdale Investment	Monday			
Commercial Union Assurance	Monday§			
Crystalate (Holdings)	Tuesday			
Philips' Lamps Holding	Thursday§			
Robb Caledon Shipbuilders	Monday			
Royal Dutch Petroleum	Thursday§			
Royal Insurance	Thursday§			
"Shell" Transport and Trading	Thursday§			
Wood Hall Trust	Thursday			

* Dividends shown net, pence per share, and adjusted for any intervening scrip issue. † Gross. ‡ Includes second interim. § Includes second interim for 15-month period. § First quarter figures.

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UNIT TRUSTS

G.T. Japan & General

This week-end G.T. Unit Managers is making an offer in its G.T. Japan and General Fund with a minimum investment *requirement of £250.* The yield on the fund is 0.6 per cent. and the charges include an initial 3¼ per cent. plus an annual charge of ½ per cent. The aim is capital growth on a diversified list of high quality securities and G.T. can call on its associate in Hong Kong, G.T. Management (Asia) for specialised advice.

● comment

When City investment managers first got interested in Japan in the late 1960s, the general view was that the Japanese market offered interesting growth prospects but needed to be closely watched because of its volatility. Since then, the tune has changed and Japan is now vaunted as the most consistent growth market over the past decade. This and the strength of the Japanese economy is what G.T. Japan and General has to offer, plus the fact that the fund's units have grown by over 100 per cent. in value since its launch two years ago.

SCHLESINGERS 'NIL YIELD'

The Schlesingers "Nil Yield" PIMS service is on offer from Schlesinger Trust Managers. The service is aimed at the more wealthy investor who has £2,500 or more to invest and who would like a more personalised service than the average unit trust can provide. The charges are 5 per cent. initially plus ½ per cent. per annum and the aim of the fund is to make as little income as possible and the maximum capital growth. The portfolio of the underlying Trident "Nil Yield" Fun comprises fixed interest, overseas growth stocks and low yielding U.K. equities. A regular withdrawal facility is also available.

● comment

The logic of the Schlesinger "Nil Yield" *PIMS service is impeccable* where the higher-rate taxpayer is concerned and the fund has grown quite fast on this basis. Even a relatively conservative 5 per cent. growth estimate for the fund is equal to a yield of 14.6 per cent. for the 70 per cent. tax payer. With "fiscal drag" taking more people into the higher rate *tax brackets, the significance of* "net" income is becoming more important.

LAWSON RAW MATERIALS

With an 8.3 per cent. yield, the Lawson Raw Materials and General unit trust is on offer from Lawson Securities. The minimum investment requirement is £100 and the charges are 5 per cent. initially plus ½ per cent. per *annum.* The aim is to achieve combination of growth and income and the portfolio ranges from banking groups ... Guinness Peat to tea companies like Western Dooars.

● comment

The Lawson Raw Materials and General unit trust offers a better yield than is currently obtainable from most of the commodity trusts and the minimum investment is the lowest. In theory this should mean that its capital growth prospects might be ... but it does not necessarily follow.

ANTONY GIBBS FAR EAST

The Antony Gibbs Far East and General Trust is a new fund from Antony Gibbs Unit Trust Managers for investors with £1,... or more. The current estimated gross yield is 0.3 per cent. and *charges include a 5 per cent. initial* levy plus ½ per cent. per annum. The investment area of the fund is the Far East and the Pacific Basin, including Australia. Foreign currency loans are being used to offset the investment currency premium.

● comment

The yield level of the Antony Gibbs Far East and General Trust is certainly not going to attract the income seekers. But, on the other hand, it has dollar loan facilities which give it a wider flexibility than some other funds in the same area. It also has the benefit of advice from Wardley Vickers, the investment management subsidiary of the Hong Kong and Shanghai Banking Corporation.

TARGET COMMODITY

With the merchant bank, Dawnay Day as the investment manager Target Trust Managers is advertising the Target Commodity Fund which has an estimated gross annual yield of 4.4 per cent. The minimum investment is £300, the charges comprise an initial 5 per cent. plus ½ per cent. per annum.

● comment

Yielding just under the 5 per cent. mark, the Target Commodity Fund used to be the Target Consumer Fund and has changed investment aims only over the past eight months. But Target is a group with a lot of experience, now counting as one of the *tried old stagers of the unit trust* field.

Abbey Managed Bond

Abbey Life Assurance is drawing investors' attention this week-end to the attractions of the **Abbey Managed Bond**. This offers investors the opportunity to invest in a fund which is a three-way mix of equities, property and fixed-interest. The minimum investment is £250 and the charges are an initial fee of 5 per cent. and an annual management charge of ½ per cent. Life cover depends on entry age varying from twice the outlay for ages 30 or under to the return of the investment for ages over 60. There is a withdrawal scheme available for investments of £1,000 or more.

● comment

Investment in Abbey Managed *Bonds* enables the investor to spread his portfolio between the various investment media, leaving the proportions of the mix to the investment managers. The underlying property fund was the leader last year in such funds while the equity fund was second among the linked-life company equity funds. The emphasis on this type of bonds is security rather than dramatic growth and are suitable vehicles for long term investment.

M & G EXTRA YIELD

The M and G Extra Yield Fund *is being offered by the M and G* Group this week with a gross estimated yield of 9 per cent. The fund is 95 per cent. invested in equities and there are two ways to invest—either with a £300 lump sum or with a £10 per month savings plan. The charges on the fund are 2½ per cent. initially plus ½ per cent. per annum.

● comment

The M and G Extra Yield Fund is a good performer and the managers make the point that a growing income can be just as important to the long-term investor as a high immediate yield. This is what the fund offers, with a mainly equity portfolio.

CRESCENT INTNL.

Crescent Life Assurance is offering investors this week-end the Crescent International Plan, which enables them to invest, on a regular basis, in the Crescent *International Fund. The Plan is* an open-ended life policy but with premiums payable over a limited period which the investor selects at the outset. The proportion of premiums invested depends on the premium paying period and the entry age of the investor. The minimum premium is £5 a month and the minimum death cover is the total amount of premiums payable over the selected period. There is a special introductory discount of 10 per cent. on the current offer price of units.

● comment

Investors wishing to diversify their portfolio overseas are being offered the opportunity to do so on a regular savings basis through the Crescent International Plan, providing the advantages of high-level life cover and tax relief on premiums. The underlying fund is spread throughout the world with particular emphasis on the U.S. and *Japanese markets, and has* outperformed the U.K. equity market since its inception in 1970.

ARBUTHNOT HIGH INCOME

Arbuthnot Securities is offering investors this week-end the Arbuthnot High Income Fund yielding an estimated 11.2 per cent. gross. The portfolio is invested primarily in equities (70 per cent.) with the rest in preference shares and convertibles. The minimum investment is £300, accumulation units are available and there are both a share exchange and a monthly savings scheme.

● comment

The current position and prospects of high yielding unit trusts is discussed on page 3. The Arbuthnot High Income Fund offers investors a high starting income with good prospects of income growth, but it should be emphasised that the yield shown is ...

M & G MANAGED

Two ways to invest are offered by the M & G Managed Fund this week, either with a £250 lump sum or through a £10 per month savings plan. The fund is split between U.K. equities 40 per cent., overseas equities 40 per cent., property 10 per cent., gilts and cash 10 per cent. The charges on the fund are 5 per cent. initially and ½ per cent. annually.

● comment

The M & G Managed Fund has not been going for long, in common with others in the field, but has achieved a reasonable performance so far, according to Money Management magazine. The proportion in property is relatively low.

RESULTS AND ACCOUNTS IN BRIEF

AULT AND WIBORG GROUP—Results 1975 already known. Fixed assets £4.36m. (£4.09m.). Current assets £9.50m. (£10.25m.), liabilities £8.54m. (£8.94m.). Directors' remuneration includes £25,000 compensation to former director for loss of office and £22,519 ex gratia payment to former director in lieu of pension. Mr. D. A. Thom retired on January 24, 1975, Mr. A. Strogoff resigned on July 24 and Mr. D. C. Colborn on September 29 last. At April 1, 1976 Sun Chemical Corporation of the U.S. held 38.5 per cent. of the Ordinary. Meeting, 71 Standen Road, S.W., May 28, noon.

GENERAL INVESTORS AND TRUSTEES—Results for year ended January 31, 1976, reported April 26, with net asset values. Reflecting merger with City and Gracechurch Investment Trust group balance sheet shows investments £21.17m. at market and directors' valuations, freehold property, etc., £6.97m., freehold land held for £1.25m., net current assets ... Reserves include £8.88m. unrealised surplus on investments and unrealised surplus on trading ... Chairman says one of the most important results of the merger has been to increase the overseas content of assets without additional cost in currency premium. On current trends he says the momentum of dividend increases from U.K. investments will be maintained, and he is looking for some improvement in overseas earnings. Meeting, 1-2, Laurence Pountney Hill, E.C., May 27, at noon.

W. J. REYNOLDS HOLDINGS (motor main dealers)—Results 1975 reported April 22. Group fixed assets £... (£810,17...). Net current assets (£109,740). Meeting, Royal Automobile Club, 89, Pall Mall, S.W., May 2...

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The tobacco share market has been taken by surprise by news of a complex scheme of arrangement to effect a £1.1bn. merger of **British-American Tobacco** with its much smaller investment trust associate, **Tobacco Securities Trust**. The deal, which will effectively disentangle a complicated structure of cross-shareholdings, involves a reverse take-over of BAT by TST *with the latter changing its name to* **BAT Industries**. The other major U.K. independent tobacco company, **Imperial Group**, will be lessening further its ties with Bats by selling its 22.4 per cent. stake in TST to the merged company for £14.3m. in cash. Imperial's shareholding in Bats, which was cut back to 15.8 per cent. last year by the sale of a 10 per cent. interest, will fall to just under 15 per cent. in the new BAT Industries, low enough for BAT to be no longer considered an Imperial associate under EEC law. As a preliminary to the scheme, the TST Deferred shares are to be converted into TST Ordinary in order to remove the complicated voting structure of the trust. All three companies have seen a rise in market value since the news. Bats market value is currently about £1bn. and TST a little under a tenth of this amount.

Talks are taking place between *William Baird* and *Thomas* **Marshall Investments** which could lead to an offer for the latter from Baird. Both companies are suppliers to Marks and Spencer and have between them a £50m. turnover in textiles. The Marshall share price closed the week 10 higher at 83p, valuing the equity at £4m.

Pentos, the industrial holding company, is hoping to initiate discussions with engineering concern **E. E. Jeavons**, with a view to making a £1.6m. cash offer worth 55p per share. Pentos already owns almost 10 per cent. of the equity, but a crucial share stake of 23 per cent. is held by **Creda International**. Speculation on the possibility of higher terms being agreed or a counter-bid being made has left the Jeavons share price closing the week above the intimated bid at 58p.

With the agreement of the City Take-over Panel and all other interested parties, the recently-formed **Incentive Investments** has stepped in with a 21p per share cash bid for **Ashbourne Investments**, worth a total of £1.8m. Ashbourne has been the centre of controversy for the past two years over the Crest International/Corporate Guarantee consortium's inability to make an obligatory bid of 46p for each Ashbourne. An offer from Central and Sheerwood of 18p of Loan stock or 20p cash per Ashbourne with the cash part restricted to non-consortium members caused much resentment and has now been dropped.

The Government of Malaysia, which already controls some 52 per cent. of the voting rights of **Perak River Hydro-Electric Power**, is to procure cash offers of 450p and 100p respectively for the balance of the Ordinary and Preference shares.

The unquoted **Kiln Products of South Africa** is offering 175p cash or 1.1 Kiln shares for each share of **South West Africa Company**. As well as its two-for-three share-exchange bid for **Clark and Fenn**, valuing each share at around 60p, **Trafalgar** *House is now offering, subject to recommendation by the C. and F.* Board, a cash alternative of 75p for each C. and F.

Company bid for	Value of bid per share k	Market price k	Price before bid	Value of bid (£m's) k	Bidder	Final Acc't'ce date
	Prices in pence unless otherwise indicated.					
Artagen Props.	73*d	79	66	27.2*d	Sun Life	—
Ashbourne Invs.	21*	41‡	41‡	1.8*	Incentive Invs.	—
Assam Cons.	35	18‡	18‡	0.3	Hampton Tst.	—
Baird (Hugh)	38½d	38¼	17½	1.9d	Manbre & Grtn.	—
Bolands	37	36	20	2.9	Barrow Millg.	13/5
Brit.-Am. Tobacco	—	400	375	1,139e	Agreed merger	—
Tobacco Secs. Tst.	—	305	188			
Do. Dfd.	—	£12½	762			
Broxlea Hldgs.	25*	27	16	0.2*	A. F. Bulgin	—
Burton (M.) Prop.	75*d	74	46½	3.9*d	Burton Group	—
Cathay Secs.	30*d	34	18	5.0*d	Bowater Corp.	—
Clark & Fenn	75b	72	58	4.1b	Trafalgar Hse.	—
Dares Estates	2*d	12‡	12‡	0.05*d	Privte. Constm.	—
East & West Inv. Trust	55*d	53	52	1.3*d	Arbuthnot Latham	—
E. Sussex Engrg.	30*d	30	22½	1.9*d	Aurora Hldgs.	—
Emu Wine	190*	188	170	2.8*	Thos. Hardy	—
First Finsbury Tst.	35*d	32	19	0.8*d	J. D. Hutchison (U.K.)	—
Hardman (Thos.)	25*d	24	11	0.3*d	Scapa Grp.	—
Highgate Optical	39*d	37	35	0.3*d	Bayfine	—
Indonesia Cons.	14*d	13	9	2.2*d	Bowater Corp.	—
New Ireland Ass.	110*d	120	98	3.8*d	PMPA Insur.	—
Perak River	450*d	440g	383	8.1*d	Govt. of Malaysia	—
Reed (Wm.)	33*d	33	29	0.5*d	Ferguson Secs.	—
Rosehaugh Co.	22*d	23	15	0.2*d	Patchley Inv.	—
Second Scottish Inv. Trust	84	94‡	85	48.4	Scot. Inv. Tst.	—
Selukwe Gold	22*d	22	17	0.16*d	Energy Fin. & Gen. Tst.	—
Sth. West Africa	175b	175	135	3.7b	Kiln Prods.	—
Stigwood (R.)	50*d	47	41½	3.8*d	Polygram	—
Warwick Engrg.	26	23	21	1.6	Gidney Ind. Invests.	—

* All cash offer. b Cash alternative. c Partial bid. d For capital not already held. e Combined market capitalisation. f Date on which scheme is expected to become operative. g Based on 7/5/76. k Based on 6/5/76. ‡ At suspension. † Bid.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bellway Hldgs.	Jan. 31	1,375	(2,018)	1.2	(1.1)
Burton Group	Feb. 28	1,045	(1,930)	1.477	(1.477)
S. Casket	*Dec. 31*	*448*	*(305)*	*0.75*	*(0.636)*
F. Cooper	Mar. 31	6Lb	(269)c	0.2b	(1.06)e
E. Asiatic Rubber	Sept. 30	113	(268)	4.133†	(4.133)
G.R. (Holdings)	Dec. 31	893	(780)	3.5	(3.5)
Highland Elctrncs.	Oct. 31	153	(130)	—	(—)
Lamson Industries	Mar. 31	2,481d	(1,966)	—	(—)
Lightg. & Leisure	*Jan. 31*	*352*	*(287)*	*1.0*	*(2.3)*
Moss Engineering	Feb. 29	364	(272)	0.538	(0.538)
M.Y. Dart	Dec. 31	418	(558)	0.621§	(0.517)
Nat. & Cmcl. Bkg.	Mar. 31	28,281	(19,041)	1.15	(1.05)
Peak Investments	Nov. 30	127	(61)	0.5	(Nil)
C. H. Pearce	Nov. 30	269	(230)	1.06	(0.96)
Plaxtons	*Feb. 29*	*82*	*(140)*	*3.37*	*(3.37)*
Smith & Nephew	Mar. 27	2,956¶	(2,861)	—	(—)
Westward TV	Jan. 31	281	(73)	0.5	(Nil)
Wheesoe	Mar. 27	877	(708)L	1.625	(Nil)

(Figures in parentheses are for corresponding period.)

Dividends shown net except where otherwise stated.

* Adjusted for any intervening scrip issue. † Subject to Malaysian tax. ‡ For 53 weeks. § Second interim. ¶ For 12 weeks. a Gross. b For 12 months in 18-month period. c For 12 months. d For 3 months. e For 15 months. f Net. L Loss.

Rights Issues

Bank of Ireland: One £1 Capital stock for every £5 of existing stock or £14 of Convertible stock, at 250p each.

Boddingtons' Breweries: One-for-ten at 70p each.

C. E. Heath: One-for-twelve at 305p each.

Lesney Products: One-for-ten at 47½p each.

Tricentrol: Two-for-five at 45p each.

Scrip Issues

British Home Stores: One-for-one.

S. Casket (Holdings): One-for-ten.

Clement Clarke (Holdings): One-for-five.

Greenbank Industrial Holdings: One-for-two.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Advance L'ndries.	Dec. 31	2,545	(1,630)	2.9	(2.0)	1.507	(1.379)
Averys	Dec. 31	9,605	(8,130)	11.4	(9.8)	4.729	(4.343)
Bank of Ireland	*Mar. 31*	*25,075*	*(19,057)*	*57.0*	*(40.7)*	*12.5a*	*(10.4)*
Brit. Home Stores	Apr. 3	21,911‡	(18,596)	22.0	(18.9)	10.212	(6.935)
Brixton Estate	Dec. 31	936f	(897)	2.9	(2.8)	1.71	(1.585)
Brook St. Bureau	Dec. 31	679	(1,250)	4.3	(9.0)	4.204	(4.204)
Clement Clarke	Dec. 31	788	(475)	8.3	(5.6)	2.12	(1.95)
Collett Dickenson	*Dec. 31*	*652*	*(823)*	*5.5*	*(7.6)*	*2.66*	*(2.454)*
Davies & Newman	Dec. 31	1,356	(1,137)	14.8	(12.6)	6.54	(6.128)
Dunlop Hldgs.	Dec. 31	52,000	(44,000)	14.7	(9.7)	3.575	(3.3)
Dutton-Forshaw	Dec. 31	1,363	(1,016)	4.4	(2.8)	1.75	(1.739)
Feedex	Dec. 31	787	(385)	3.2	(2.5)	1.13	(1.04)
Gieves Group	*Jan. 31*	*552*	*(847)*	*9.1*	*(12.5)*	*2.140*	*(1.978)*
Greenbank Indl.	Dec. 31	973	(737)	6.2	(4.7)	2.73	(1.85)
Haden Carrier	Dec. 31	3,264	(3,033)	15.2	(12.9)	7.087	(6.518)
Hamilborne	Dec. 31	81	(65)	0.6	(2.0)	1.388	(1.26)
T. C. Harrison	Dec. 31	834	(825)	8.0	(8.1)	3.532	(3.122)
C. E. Heath	Mar. 31	6,401	(3,509)	36.0	(19.6)	6.651	(6.102)
Joseph Holt	Dec. 31	583	(451)	9.2	(6.5)	1.77	(1.658)
Hoskins & Horton	Dec. 31	649	(488)	12.8	(9.7)	4.255	(3.908)
Hunting Assoc.	Dec. 31	2,909	(2,293)	19.4	(15.9)	2.4	(2.048)
Laporte Industries	Dec. 31	4,279	(9,547)	6.6	(12.1)	5.6	(4.96)
Lesney Products	Feb. 1	6,851	(3,861)	10.6	(8.2)	1.625	(0.777)
Lovell's Shipping	Dec. 31	387L	[illegible]	—	(33.0)	5.0	(6.97)
Manchester Liners	Dec. 31	2,219	(6,240)	9.3	(25.4)	5.025	(5.025)
Marshall's Unvrsl.	Dec. 31	1,807	(1,374)	34.3	(34.4)	6.045	(5.58)
Mothercare	Mar. 27	8,525	(7,449)	12.6	(10.9)	4.761	(4.366)
Newman Inds.	Dec. 31	1,884	(1,596)	10.7	(9.6)	3.6	(3.274)
Newmans Tubes	Jan. 31	820	(775)	11.9	(11.3)	2.438	(2.217)
Peacock Sasini	Sept. 30	367	(635)	2.9	(8.8)	2.745	(2.495)
Photax (London)	Dec. 31	328	(234)	7.6	(5.1)	2.217	(2.046)
William Pickles	Dec. 31	631	(937)	1.3	(1.6)	0.397	(0.397)
P. & O.	Dec. 31	22,721e	(52,528)e	9.9	(35.0)	6.656e	(4.991e
Porter Chadburn	*Jan. 1*	*691*	*(623)*	*10.6*	*(9.0)*	*4.29*	*(3.93)*
Randalls Group	Dec. 31	580	(676)	10.7	(14.8)	4.212	(3.874)
Roberts Adlard	Dec. 31	520	(527)	10.5	(10.2)	3.547	(3.264)
J. Sainsbury	Mar. 6	15,417	(14,629)	8.9	(8.4)	4.9	(4.5)
Tootal	Jan. 31	9,134	(13,169)	3.4	(4.2)	2.217	(2.037)
Towles	Mar. 19	270	(396)	3.8	(7.2)	1.374	(1.25)
Tricentrol	Dec. 31	887	(1,014)	3.4	(4.0)	Nil	(0.715)
Turriff Corpn.	Dec. 31	653	(477)	14.2	(9.7)	3.781	(3.428)
Tysons (Cntrctrs)	Dec. 31	742	(602)	6.8	(3.8)	1.925	(1.75)
W. Williams	Dec. 31	94	(313)	2.7	(6.3)	0.8	(1.55)
Wood and Sons	Dec. 31	206	(166)	2.0	(1.7)	0.539	(0.49)

BIDS AND DEALS

Malaysia to offer for Perak River balance

The Government of Malaysia has acquired 664,535 Ordinary shares and 88,500 3.5 per cent. Preference shares of Perak River Hydro-Electric Power Company at 450p and 100p respectively. The Government now controls 82.3 per cent. of the total voting rights of the company and intends to procure that cash offers of 450p and 100p are made to the remaining Ordinary and Preference shareholders.

The offers will be unconditional except that they will lapse if there is a reference to the Monopolies Commission before the first closing date for acceptance.

It is intended to continue the business and entity of the Company for a period and full regard will be paid to the interests of the employees.

The Government has confirmed to the satisfaction of Kleinwort, Benson and Asian and Euro-American Merchant Bankers (Malaysia) Berhad (the advisers to the Government) that sufficient funds are available to implement the offers in full.

The directors of Perak River will advise holders on what action they should take as soon as they have received full details of the offer and have had an opportunity of studying the formal document.

See Lex

FFT-RADCLIFFE

First Finsbury Trust is incorporating in the scheme for the proposed merger between FFT and Radcliffe Holdings, provisions for the cancellation of the outstanding £443,739 nominal 5¼ per cent. convertible loan stock 1988-93 on the basis of £47 cash for every £100 nominal of stock.

SPARTAN STEEL

Agreement has been concluded between Spartan Steel Alloys, of Birmingham and Edward S. Johnson for Spartan to acquire the capital of Douglas Brothers of Blaydon on Tyne.

F. PARKER

Frederick Parker has acquired the foundry business of J. and J. L. Wells of Syston.

NO PROBE

The proposed merger between Tarmac and Holland, Hannen and Cubitts will not be referred to the Monopolies Commission.

EMU—HARDY

Acceptances of the offer on behalf of Thomas Hardy and Sons for Emu Wine have been received *in respect of 884,609 Emu Ordinary units* (59 per cent. of the capital). Hardys has also purchased 523,460 Emu Ordinary stock units, making a total of 1,407,069 units (93.8 per cent. of the Emu capital).

The offer will remain open for Hardys will in due course acquire the balance compulsorily.

WARWICK ENGINEERING

Following the announcement that Mr. Norman Gidney would be making an offer to acquire the Ordinary capital of Warwick Engineering Investments, it is announced that offer documents are in the course of preparation and are expected to be despatched before the end of the month.

SHARE STAKE

Mr. P. R. Royston has become the beneficial holder of a further 10,000 Weyburn Engineering Co. shares. Total interest is 154,000 shares.

ASSOCIATES DEALS

O'Donnell and Fitzgerald on May 4 bought 10,000 Bolands at 33p on behalf of an associate of Bolands.

Dudgeon bought 3,000 Bolands at 32p and 2,000 at 33p on behalf of an associate of Bolands.

De Zoete and Bevan announce that on May 6 on behalf of an associate of both BAT and TST they sold 1,000 Tobacco Securities Trust Deferred at £12.65.

GHP expects to resume growth

WITH 1975 losses and contingencies fully provided for, the outlook for 1976 appears much more promising, the directors of G.H.P. Group, the engineering, valves and controls concern, say in their annual report.

Major activities remain well loaded with work of a generally more profitable nature and the *early months are yielding an improvement* in profits with which they would expect to resume the pattern of profit growth interrupted in 1975. This has given the directors the confidence to increase the 1975 dividend to the maximum permitted 7.31p net (6.72p).

The outlook, they say, is heavily dependent on the strength of the resurgence in world trade, on the extent to which the manufacturing sector of the U.K. economy is encouraged to develop—in preference to non-commercial activities—and on inflation continuing to abate.

But the market positions of group companies remain strong and a *continuing policy of plant* modernisation and expansion is being pursued. This will bring further competitive advantages, they add.

As reported, group pre-tax profit fell from £984,000 to £693,000 for the year ended January 2, 1976 including a provision of £150,00 for losses incurred by Hugh Smith (Glasgow), the specialised engineering subsidiary, and an extraordinary item of £116,000 relating to a write-off in the accounts of the London Hydraulic Power Company.

The opening balance of reserves at January 3 1975 has been increased by £430,000 to £3.71m. as a result of a revalua*tion of work-in-progress while a* continuing programme of expansion and re-equipment resulted in a further increase in the value of fixed assets with a gross expenditure of £495,000.

A small overall reduction in the value of stock and work-in-progress was achieved by year end but not at the expense of effectiveness. Cash resources decreased by £1.3m., wholly attributable to an abnormal fall in customers' payments on account for work-in-progress.

Sales and trading *profit* of the principal activities show (£000): metallurgical engineering £4,988 and £276 (£4,740 and £270); mechanical engineering £4,888 and loss £4 (£2,501 and £217); electrical engineering £5,167 and £488 (£4,640 and £342); instrument engineering £862 and £72 (£797 and £53); hydraulic power £177 and loss £64 (£161 and loss £20).

A geographical analysis of sales shows (£000 and per cent.): U.K. £10,281 and 60.2 (£9,066 and 70.1); rest of Europe £4,443 and 26 (£2,447 and 19.1); Americas £1,154 and 6.8 (£859 and 6.7); Australasia £143 and 0.8 (£103 and 0.8); Asia £616 and 3.6 (£341 and 2.7); Africa £443 and 2.6 (£83 and 0.6).

Meeting, 87-113 Tooley Street, S.E., June 17 at 12.30 p.m.

Tricentrol expects to improve

PROSPECTS FOR earnings from the exploration division of Tricentrol remains good, and returns from the commercial division for the first quarter of *1976 supports expectations of* better earnings for the year, says the chairman, Mr. L. Thompson-McCausland.

As reported on May 5 with *details of the rights issue* and prospects of a dividend for the current year group pre-tax profit for 1975 was £887,000 (£1,014,000).

Since 1975 the multi-currency loan has been paid-off. Its terms and conditions had not fitted in conveniently with the Thistle Field financing. It has been re-financed on terms which accord with the expected Thistle cash flow.

As known, Mr. J. Godber, MP, is taking over the chairmanship.

Meeting, Abercorn Rooms, E.C., June 18, noon.

Alex. Stephen Engineering to close

Alexander Stephen has decided to close down its subsidiary Alexander Stephen Engineering in August, unless substantial orders can be won in the intervening period or Government assistance obtained.

This decision the directors *explain*, has been forced upon them by the poor intake of orders in recent months, the continuing recession and the Government's failure to provide effective help to other than large companies and nationalised interests.

The decision is made for the engineering subsidiary only and in no way does it affect the continuity and future of Alexander Stephen Shiprepairers *and* Alexander Stephen (Forth). These companies operate independently of the engineering function and, as autonomous units, are currently viable and effectively working at their normal levels of activity, report the directors.

RANSOMES SIMS

At the AGM the chairman of **Ransomes Sims and Jefferies** said that he had no cause to change the statement made in his statement in the annual report. In this he said the diversity of company's products and markets was such that these were influenced by the considerable number of different factors, and it was hoped that profits for 1976 would be no less than those for 1975.

School Fees

FINANCIAL TIMES REPORT

Supply of places up, demand forced down

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MR. FRED MULLEY, the down-to-earth Secretary of State in charge of the Labour Government's Bill forcing local authrities to move towards fully comprehensive schooling, could well go down in history for something entirely different. For his rule at the Department of Education and Science has been marked by the inception of more independent schools at a single stroke, than at any time since the Reformation.

This achievement is all the more remarkable for being the result of Labour's sincere, if simplistic, desire for an egalitarian educational regime in this country. But even though the outcome might have been disturbing to the present Ministers and their supporters, it was possibly, not altogether unexpected.

The scheme no doubt looked clear-cut on paper. At the secondary school level there were three obvious obstacles to be overcome. One was a small core of local authorities steadfastly opposed to the merging of the State grammar schools under their care into a network of comprehensive institutions. Another was the semi-independent sector, which in England and Wales consisted of about 170 direct-grant schools, which received financial aid directly from central government in return for allocating a proportion of their places for children coming from State primary schools. The third obstacle was the fully independent sector of roughly 2,500 self-supporting institutions, the better reputed half of which seemed to be thriving in spite of the taxpayers' money, and politicians' words, spent in promoting the State system.

Faced with these hindrances Mr. Reg Prentice—Mr. Mulley's predecessor as Education Secretary—apparently adopted the following broad tactics.

The threat of legislation would be applied to the core of local authorities resisting the comprehensive movement.

The semi-independent sector, which largely based the selection of its pupils on high academic aptitude, would be wound up by giving its schools a choice. On the one hand, they could elect to be merged into the State comprehensive network. On the other, they could become fully self-supporting by gradual progression, with State aid being maintained for the pupils who entered the schools before autumn 1976, but none being provided for those entering from that date onwards.

This second option would obviously be taken by some of *the best known semi-independents*, so adding to the fully independent sector. But here Mr. Prentice's view was that inflation and progressive tax would affect the independents' fees and families' ability to pay them to the extent that many private schools would have to close. Independent schooling would become the preserve of only a very few, very rich families. With private education ruled out, the interest of large numbers of articulate parents would be turned to demanding further public expenditure on the State system.

Perhaps the theory was also that this writing on the wall for a prosperous independent sector, would cause the bulk of the semi-independents—which had been given until December 31, 1975 to decide—to choose to join the State system.

But when the year turned, with the Department of Education and Science by then in the hands of Mr. Mulley, any such hope was dashed. Of the 170 direct-grants, only 51 opted for State takeover. One of these was a co-educational school; 33 were for girls; 17 were for boys. It seems that all but three of them were Roman Catholic institutions, which had been firmly advised to choose Government control by the Catholic Education Council. By contrast about 120 direct-grants—including the overwhelming proportion of non-Catholic schools—were headed for independence.

This outcome was certainly a defeat for an important part of the egalitarian scheme. It would be foolish, however, to look on it also as a victory for the independent sector.

While parents have proved *remarkably persistent in paying* for private schooling, often at considerable sacrifice, the message of Labour's writing on the wall is now apparently beginning to prove true. Among the signs are a movement to transfer children from private to State schooling at the sixth-form level, and a drift within the independent sector from boarding to day schools.

So the gradual influx of well over 100 new institutions is going to increase the supply of *private schooling* at a time when the demand for it seems bound to be declining, however reluctantly. Many of the former direct-grants have high reputations, not only for academic success but also for providing the sort of disciplined education which State institutions are suspected of progressively abandoning. Most of the new independents are day schools. And over their years of strictly supervised semi-independence, they have become skilled in *keeping their running costs low.*

The 1,400-boy Manchester Grammar School, for example, has running costs of about £908,000 a year, of which towards 80 per cent. is accounted for by salaries and other benefits for the various types of staff. As an independent, it expects to cover these costs and to accumulate a fund to provide bursaries for the academically bright boys of poor families, by charging £675 a head for next year's intake — the first which will benefit neither from free places nor from fee reductions for parents up to fairly generous levels of income. Yet demand for the school, while down from the roughly 850-application level of the recent pre-independence years, is still enough to provide about 700 applications for the 210 places available.

In these circumstances, it seems almost certain that the arrival on the market of the former semi-independents will gradually force the closure of many of the present private secondary schools, especially those with large proportions of boarders. And it seems probable, too, that the greater number of pupils so displaced *will be unable to go to another* independent school. Many of them will have to be accommodated in the State system, and this surely cannot fail to increase public expenditure.

The Budget statement's somewhat vaguely worded promise to discourage companies from subsidising employee's private school fees will no doubt accelerate this drift. If the Government follows the coming Goodman report by fulfilling its long-standing threat to withdraw independent schools' status as charities, the diminishing of the private sector will doubtless proceed faster still.

Since this effect was all too predictable from any close study of the situation, its implications as to the determination behind the Government's plans to curb public spending must be depressing for all who pay taxes. It is also depressing for anyone concerned with educational realities. It shows undeniably that both political and permanent government are preoccupied with experimenting with the structure of education while leaving the more vital *content* to look after itself. And the content is in many instances chaotic.

The current controversy about teaching methods is a prime — but only a single example. Research at Lancaster University has indicated that the vital skills of the Three Rs are generally best developed by formal teaching. The Engineering Industry Training Board has produced a study of the later industrial performance of children schooled by different methods, which indicates that those taught by informal methods have noticeably better *"planning skills"* vital to the efficient organisation of work.

The immediately evident implication is that formal teaching should be used to inculcate the basic skills of literacy and numeracy at the early stages of schooling, with informal approaches being applied at the later stages. But the situation prevailing in the schools is largely the other way round.

As things are, therefore, it is hard to avoid wondering that with government like this, who needs anarchy.

Facing up to the increased costs

BY ERIC SHORT

THERE ARE many reasons why some parents wish to have their children privately educated, ranging from a family tradition to seeking an alternative to State comprehensive education and all that it implies. But wishing is one thing, paying for private education another—and the cost involved is possibly the biggest factor to be taken into account in reaching a decision. The picture in this area over the past few years can be regarded as anything but cheerful.

Over the past ten years, the level of fees of the major boarding schools have risen by nearly 300 per cent. on average, compared with an inflation increase of 150 per cent. over the same period. But annual fees for the school year starting in September, 1975, were on average over 30 per cent. higher than at the beginning of the previous *school year, rises well in excess* of the cost of living increases.

The reason for school fee increases outstripping inflation is that it is a labour-intensive industry. Figures supplied by the Independent Schools Information Service (ISIS) show that for two large schools surveyed, salaries, wages, pension contributions and national insurance payments exceeded 50 per cent. of expenditure and for small *schools such payments* were over 60 per cent. of total costs. Fees have moved in line with earnings, which until the Government introduced its pay policy controls were rising much faster than prices.

Dramatic

The effect of the pay policy has for private education meant a dramatic slowing down in school fee increases. Some schools have been able to hold the term fees steady over the school year, but the average rise so far this year is nearly 6 per cent. It is not often that the actions of a Labour Government have a beneficial effect on the private school sector. No reports *have yet come in* at ISIS about the level of increases for the next school year in September. Rises are inevitable, but it is hoped that following the even lower increases allowable under the next phase of the pay policy, such rises will not be large. But parents must expect fees in excess of £1,500 per annum to be the norm.

Having measured the size of the problem, parents still *determined to press on*—and there seem to be no shortage of applicants for places at fee-paying schools—should consider the various ways of meeting such fees. It is very much an exercise in financial planning and there are a small number of insurance brokers who specialise in school fees planning. Parents would be well advised to consult them if in any doubt or difficulty.

The first consideration is meeting the fees out of current *income. This has the advantage* that the parent's income should rise hopefully in step with the increases in fees. But recent surveys have revealed that the people likely to send their children to private schools have seen their level of earnings after tax reduced in real terms over the past decade and the present pay policy very much favours the lower paid. Payment of fees out of income is feasible when both parents are earning, other commitments such as mortgage payments are not excessive, and there is only one or at most two children to be educated.

The second method is to borrow the money to meet part of the fees and repay such loans by means of an endowment policy spread over a period well after the child's education has finished. Such "educate-now-pay-later" schemes were very popular when tax relief could *be claimed on the interest pay*ments and interest rates were still in single figures. But the 1974 Budget put a virtual stop to such schemes.

However, the School Fees Insurance Agency has operated an assisted educational scheme whereby the employer lends the employee the money for the fees at a zero or nominal rate of interest, repayment being by means of an endowment policy. Last month's Budget seems to have made it necessary to modify this scheme, perhaps to the extent of the employee paying a commercial rate of interest on the loan. Details cannot really be settled until the Finance Bill becomes law.

Welfare Insurance, now owned by London and Manchester Assurance and National Westminster Bank, still operates a loan scheme for individuals. The rate of interest on the loan is 3 per cent. higher than the National Westminster's Base Rate, with a minimum of 7 per cent. The move to lower interest rates has made the operation of such schemes less unattractive, but parents should go very carefully into the *consequences of this scheme* before committing themselves.

But since the 1974 Budget the emphasis by the school fee planners has been on savings schemes to pay fees due at some future date and using capital to meet fees, either immediate or in the future. The article below explains in detail how parents or grandparents can mitigate the burden of fees from income or capital. The main point to make is that the earlier the start, the more can be saved.

In this respect the Finance Bill has some good news and some bad on these plans. The doubling of the annual exemption limit for Capital Transfer *Tax to £2,000 per person* will materially assist grandparents in helping out with the payment of fees. But the imposition of the limit of £1,500 a year on the amount of life assurance premiums that qualifies for tax relief could put a brake on very high savings.

Schemes to implement capital and income plans

BY TOM KYTE

SCHOOL fees specialists have had their fair share of problems lately. Not only have educational costs continued to soar in pace with inflation; new tax legislation has made the arrangement of attractive school *fees schemes particularly difficult.*

The tax legislation which has had the greatest effect on school fees plans in recent years was the introduction in the Finance Act 1975 of Capital Transfer Tax. This was brought in to replace *Estate Duty*, which had become known as the "avoidable tax," because by careful arrangement of their finances many people were able substantially to reduce their liabilities or even perhaps to wipe them out altogether. The commonest method of avoidance was for a person to bequest his wealth to various friends or relations well in advance of his death.

CTT effectively closed this avenue of escape. It is assessed on all gifts at the time they are actually made. At the time of death all the gifts made by the deceased during his life-time will be totalled and any amount above the specified exemption limits will be liable to a tax charge. Apart from transfers within the exemption limits the *only other financial gifts which* are not liable to tax are those between spouses and from parent to child in respect of education, maintenance and training.

Since one third of the school fees policies currently in operation were taken out by people without parental ties with the children involved, it is easy to see why school fees specialists have been so concerned about CTT. Indeed many of the capital plans now being operated were designed specifically to enable grandparents to help to finance their grandchildren's education.

The school fees specialists have researched the CTT position very thoroughly and though there are some wide differences of opinion as to which capital plans are now the most attractive, the consensus appears to be that though the burden of *CTT can be spread or delayed*, there is no way in which it can be totally avoided, when financial gifts are above the limits.

At the moment these limits are £15,000 per person in a lifetime and £2,000 per person in any one year. These limits apply to both husbands and wives so it may appear that with £4,000 per year to play around with, arranging an adequate plan should not be too difficult. However, it is well worth remembering that if the husband and wife's full exemption limits are exhausted on school fees provision then any other transfers which they make during their lifetimes will be fully exposed to CTT.

The two biggest names in the school fees field are probably the School Fees Insurance Agency and C. Howard and Partners; both have rethought their capital schemes since the advent of CTT. The former was the first to announce its new scheme. Under this it allows the settlor two options regard*ing the treatment of CTT.* He can either retain the right to surrender at any time or he can forego this right from the moment of payment.

It is SFIA's opinion, based on extensive research, that the settlor who opts for the first course will not be liable to CTT at the time of effecting the payment because he has not actually transferred his capital. The liability will be incurred when the school fees are paid. SFIA feels that if the settlor takes the second option he will be considered by the tax authorities to have removed the capital from his estate and will incur liability to CTT at the time of the payment.

C. Howard and Partners announced its new capital plan more recently. At first glance it is little different from Howard's previous capital plan, and works *on the same basic principles* as most other capital plans in that a capital sum is paid into a trust which purchases (in this case through Lloyds Life) deferred annuities where payments coincide with the due dates of fees.

Benefited

However, the main difference between Howard's new Private Education Trust scheme and the old Howard Trustee scheme illustrates one small way in which the school fees sector has actually benefited from the removal of estate duty and its replacement with CTT.

Under estate duty legislation it was necessary for the annuity to be assigned to the chosen school as soon as possible in order to remove the capital from the settlor's estate. Now that there is no advantage to be gained from this action the annuity can be assigned to the trustee and more time can be taken in choosing which school *the child should attend. Also*, if anything should happen to prevent the child attending the first school chosen it is now much more simple to effect a transfer.

Capital plans are not the only *area of school fees which have* been affected by recent tax changes. The introduction of a tax relief "claw-back" in the 1975 Finance Act also wiped out many of the benefits offered by income plans which were in operation at that time. Fortunately though the headaches caused by this legislation were nowhere near as severe as those caused by CTT and the school fees specialists have been able to adjust their income plans in such a way that they can avoid this problem and still remain attractive to clients.

There are several types of income plans currently in *operation. They are generally* more difficult to apply than capital plans and consequently are normally operated only by specialist firms such as those mentioned above or other financial institutions like banks or insurance companies.

The most effective income plans currently being operated which can most effectively cope with inflation are those which are life assurance based. These plans work because loans can be taken out on one policy for up to four years without *incurring* any "claw-back" of tax relief. After this fees can be met by the maturing of several small policies which have to be taken out well in advance of the fees falling due.

The premiums attached to these policies will be estimated to take into account the expected rate of inflation. The premium can start at a relatively low level and then be topped up each year in accordance with the rate of inflation though most *specialists stress* that it is unwise to begin the fees at too low a level since the resulting benefits may not be sufficient to pay the educational costs when they arise.

Most specialists can tailor their plans, whether income or capital, to suit the needs of individual clients but in order to do this it is necessary for them to have an extensive knowledge of their client's full financial position. So it is important for a client to ensure that the specialist is in receipt of this information before he (the client) embarks on any kind of plan.

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FT/SOTHEBY'S REVIEW OF THE ART MARKET

Where the Islamic bargains are

SOTHEBY'S and Christie's sold works of Islamic art for a total of £1.6m. between April 12 and 14, £1.3m. of which emanated from Sotheby's. Naturally both salerooms had been concentrating for some months on putting together good sales to coincide with the World of Islam Festival. One would not normally expect to find such a wealth of material on the open market in so short a time. Nevertheless, the effect of these sales will be felt for some time to come. In certain instances—most notably Iranian metalwork and Oriental carpets — prices went to hitherto unachieved levels, while there was some indication that after a brief period of very high and volatile prices, Qajar paintings have settled back and prices have become more predictable.

Having said so much, it is worth remarking that for the very best examples of Middle Eastern art — ceramics, metalwork, manuscripts, miniatures, carpets and glass—the collector is working in an area of between £10,000 and £100,000, with the majority of pieces at the lower end of this bracket. In other words, quite regardless of a possible inflow of new money from the Middle East itself, Islamic works of art of top quality still represent very good value for money.

Three examples to illustrate the point are the very rare 14th century Persian illuminated manuscript of Firdausi's *Shahnama* which fetched £28,600 in the Kevorkian sale at Sotheby's on April 12, the 5th/6th century Sassanian glass beaker sold on the same day at Sotheby's for £19,800 and the 16th/17th century Herat carpet sold at Sotheby's on April 14 for £44,000. Admittedly, the prices of both the glass and the carpet were without precedent on the open market (although another carpet sold later in the same Sotheby's sale fetched £68,200); none the less for a total of £92,400, a collector could have acquired three truly outstanding examples of Iranian art of three important periods in that country's history. Consider the prices paid for very fine examples of Chinese porcelain, French 18th century furniture or Impressionist painting, and the point need not be laboured further.

The one area of Middle Eastern art to have increased in value most obviously in the last few years (leaving aside the somewhat contradictory Qajar paintings) is the carpet market. Both Sotheby's and Christie's mounted good sales, that at Sotheby's totalling £372,680 and Christie's £165,187. The first two lots at Sotheby's gave a clear indication of the immense rise in values which has taken place over the last six or seven years. A small 18th century Shiraz millefleurs prayer rug, a piece of extraordinary beauty, realised £18,700, and a large late 18th century Persian garden carpet fetched £27,500. In the first part of the Kevorkian sale at Sotheby's in December, 1969, these pieces had been sold for £2,600 and £3,700 respectively. They thus increased in value seven times in 6½ years, which is probably a reasonable estimate as to how most good Persian carpets of some age have fared during this period. It should be added, however, that this factor is probably too high for Turkish, Turkoman, and Mughal pieces. A beautiful, but worn, Mughal 17th century carpet, which had cost £1,100 in 1969, realised £3,300 at Sotheby's this April. One would expect a slightly higher rate of increase for pieces in better condition.

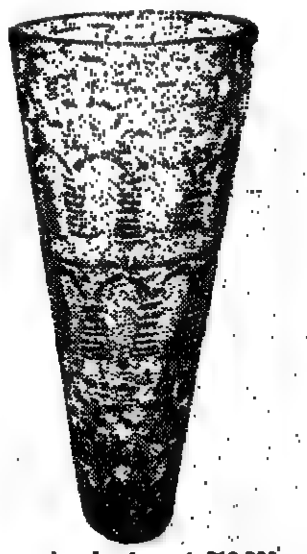
Apart from early Persian pieces, which combine quality, age and rarity, another class of carpet which has risen considerably over the last few years is the 19th century silk. This type was not to be found in the 1969-1970 Kevorkian sales, although one could have purchased 17th century Polonaise rugs for between £4,000 and £8,000 depending upon condition. A moderate example failed to sell for £15,000 at Christie's in April and an unusual Kelim type made £19,800. At Christie's in 1969, however, a very fine 19th century Tabriz silk carpet, in very fresh condition, was sold for £2,940, considered a noteworthy price at the time. It may be compared with the £19,800 paid for a Herez silk carpet, not in the best condition, at Sotheby's on April 14, the £13,200 given for a smaller Kereke silk carpet in the same sale, also not in good condition, or the £11,000 paid for a late Kashan carpet of small size at Christie's on April 14.

In the context of silk rugs, those extraordinary pieces called Koum-Kapour, woven in Turkey in the late 19th century, supposedly by a Court weaver called Tanaka, should be mentioned. These rugs, woven in silk and vari-coloured gold and silver thread, have been compared with the *vertu* of Fabergé for their intricacy and amazing technical skill. Highly regarded by collectors for some time now, an outstanding example was sold at Sotheby's in May 1967 for £3,400; this should be compared with the price of £15,950 paid for a less interesting piece at Christie's this April. In general, it would be fair to suggest that 19th century silk carpets have increased in value some six to eight times since the end of the 1960s.

Persian and Mughal manuscripts have, traditionally, been the most expensive Islamic works of art. Prices were fairly stable throughout the 1960s, although at the end of that decade, a manuscript of Firdausi's *Shahnama* fetched £50,000 at Christie's, and a miniature from perhaps the most celebrated of all Islamic manuscripts, the Demotte *Shahnama*, realised £30,000, the same price as was paid two years later for a Mughal miniature. These prices established a new level of prices which remained unchallenged until last year when a Persian *Shahnama* realised just over £100,000 at Sotheby Parke Bernet in New York.

As far as can be ascertained, prices in the sales at Sotheby's and Christie's were at the lower end of the estimates. This was probably due to the unusually large number of pieces being offered at the same time—nearly 700 lots between the two auction houses; however, the sale of manuscripts and miniatures from the Kevorkian Fund, sold at Sotheby's on April 12, obtained outstanding prices, for what were pieces of exceptional quality.

However, the Kevorkian sale contained perhaps the greatest surprise of all the Islamic auctions. The Stephens *Shahnama*, one of only six or seven known manuscripts executed at Shiraz in the early 14th century, and a work which might reasonably be accounted among the great treasures of Islamic art, fetched a mere £28,600; as some commentators pointed out, a Western manuscript of equivalent importance would almost certainly have made well into six figures. The Demotte *Shahnama* excepted, it would appear that collectors prefer the later, and more decorative, aspects of Persian illumination to the primitive and seminal works. It is doubtful, however, if future sales will afford a collector the opportunity of purchasing a complete manuscript of such rarity and importance. One should compare its price with the £82,500 paid at Christie's on April 14 for a 16th century *Shahnama* a beautiful work of art but not of the same historical importance.



Sassanian beaker at £19,800.

Islamic works of good quality still represent very good value

HOME NEWS

Courtaulds seeks £22,000 weekly State jobs subsidy

BY RHYS DAVID, TEXTILES CORRESPONDENT

COURTAULDS hopes to receive £22,000 a week from the Government under the recently improved Temporary Employment Subsidy scheme to help it keep opens its Skelmersdale weaving factory in Lancashire.

The company has applied for the subsidy, doubled in the Budget last month to £20 a worker per week, for the 1,100 workers at the plant. Courtaulds said yesterday it was hopeful it would be successful with its application. This is being considered by the Department of Employment. If agreed to, as expected, the grant will be paid for a maximum of a year, but reviewed every three months.

Matching imports

The application is the latest move to ensure continuity of employment at the plant, opened at Skelmersdale, in the North-West development area, at a cost of £10m. in 1969. Claimed to be the biggest weaving mill in Western Europe, it was designed to give Courtaulds the economies of scale required to match competition from imported fabric. But the plant has ben struggling to make profits for most of its life.

The plant has gone through periods of troubled labour relations, and the management has said several times that it faced closure. A change in manning arrangements was made 18 months ago in a bid to cut losses, but the company is still engaged with the unions in a joint programme to raise productivity. Workers have been told this week that rationalisation measures must continue.

The latest problems at the plant have been caused by continued slowness of emergence of the U.K. textile industry from the recession which has affected producers throughout the world for much of the past two years. The 1,100 Skelmersdale workers, with 1,000 Courtaulds employees in other factories in the company's Northern weaving division, go on a week's lay-off at the spring bank holiday at the end of the month, because of continuing poor demand.

The company has been building up stocks at the plant. These are somewhat down on the total at the end of last year. The management has warned employees that resources available from the group to continue this operation are "not inexhaustible."

Upturn hope

Mr. John Billing, the mill's general manager, said yesterday that the company was confident that with the upturn in trade expected later this year and the efforts being put into improving productivity it would be possible to keep workers employed until the end of the year. "That is what we are buying time for," he said.

Unions at the plant have reacted coolly to the latest warnings about its financial situation. Mr. Bob Morrow, convenor for the Amalgamated Textile Workers' Union, said the unions would not enter into further negotiations on productivity or efficiency, unless a written guarantee on continuity of employment for all was given.

GLC to study South Circular Road scheme

THE GLC's transport committee is to consider a 15-month study of London's South Circular Road at its meeting on Tuesday. The study shows that if the widening of the road to dual two-lane standard throughout its 20-mile length from Kew Bridge to Woolwich Ferry were undertaken the cost of construction and property acquisition would be in the order of £130m. involving the demolition of 1,100 buildings, including nearly 700 homes.

At least 200 more houses would have to be acquired on environmental grounds and another £5m. spent on soundproofing others.

"One need only look at these astronomical figures to realise that this is socially and economically out of the question," said Mr. Jim Daly, chairman of the GLC transport committee.

The South Circular oad (A205) runs along about 40 existing roads and passes through local town centres at Kew, Sheen, Putney, Wandsworth, Tulse Hill, Forest Hill and Catford. Along its route are 47 sets of traffic lights, five roundabouts and eight railway bridges, six of which cause severe congestion.

SALEROOM

BY MICHAEL THOMPSON-NOEL

CHRISTIE'S sale of fine Continental pictures of the 19th- and 20th-centuries totalled £182,445 yesterday and was voted a big success.

The top price, £11,500 (plus 10 per cent. buyer's premium), was paid for a canal scene by Cornelius Springer, signed and dated 1868, while the London dealer Richard Green paid £9,500 for *On the Balcony* by Eugen von Blaas.

Late on Thursday, a Sotheby's sale of fine jewels in Zurich totalled £2,012,030, including a world record £602,678 for a pink diamond bought by an Antwerp dealer on behalf of a Saudi Arabian jeweller, Mr. Robert Mouawad of Jeddah.

The price was both a record for a pink diamond and a record price per diamond carat. The 24.44 carat diamond made £26,051 per carat compared with the previous record of just over £14,000 per carat.

At Sotheby Parke Bernet, the second and third sessions of a major sale of Old Master and 19th- and 20th-century prints brought the three-session total to £439,405. A highlight was the record £86,486 paid by a New York gallery for a complete set of four fine impressions of Goya's lithographs, *The Bulls of Bordeaux*.

APPOINTMENTS

Executive posts at Lucas Aerospace

Mr. J. C. Rivett has been appointed director responsible for the future development and expansion of LUCAS AEROSPACE markets in the U.S. Mr. G. A. Webb, previously financial director, becomes director and general manager, policy, and Mr. D. E. Izon, director and general manager, operations.

On the retirement of director and secretary, Mr. A. B. Inger, HICKING PENTECOST and Co. has appointed Mr. J. A. Wesley as secretary.

★

Mr. Charles L. Ball has been appointed a director of BARCLAYS BANK and Barclays Merchant Bank.

★

Mr. C. P. Baker has been appointed chairman and Mr. C. M. L. Paine managing director of GLANVILL ENTHOVEN (LIFE, PENSIONS AND MORTGAGES). Mr. Ian A. C. Taylor has become a director of GLANVILL ENTHOVEN AND CO (NIGERIA) in place of Brigadier T. E. Williams who has retired.

★

Mr. Frank Brown has been appointed divisional marketing director of the foundries and forges division of HEAD WRIGHTSON. Mr. Brown will relinquish his post of managing director of Head Wrightson Stampings, but will remain a director of that company.

★

Mr. Ray Perks has relinquished his post as U.K. director of sales, H. P. BULMER, to become international director of sales and marketing. He remains a director of its wine and spirits subsidiary, Dent and Reuss.

★

Mr. E. J. B. Christensen and Mr. B. McGillivray have been appointed directors of RENTOKIL GROUP. Mr. Christensen is a director of Sophus Berendsen A/S, Rentokils largest shareholder. Mr. McGillivray, who is also appointed an executive managing director of Rentokil Ltd., the principal trading subsidiary in the U.K., joined that company as personal assistant to the group managing director six months ago from the executive board of the National Freight Corporation.

★

Mr. Denis W. Grosvenor has been appointed a non-executive director of BURNETT AND HALLAMSHIRE HOLDINGS. Mr. Grosvenor retired recently as fuel purchasing and ash marketing officer to the Midlands Region of the CEGB.

★

Mr. P. M. Evans has been appointed managing director of HARCOSTAR, part of the Butterfield-Harvey Group. Mr. Evans joined Harcostar as marketing director in 1971.

★

Mr. Gordon Hardstaff has been appointed to the Boards of A. E. Richardson and Co., Allied Hewson and Co. and Grimsby Fishmeal Co., subsidiaries of CHRISTIAN SALVESEN. He is northern regional director for the cold store division. Mr. Christopher C. R. Mack has been appointed finance director of the properties division of Christian Salvesen and will take up his duties in July. He is currently managing director of Potato and Allied Services. Mr. Alastair Salvesen will take up the appointment of finance and administration manager of Salvesen Offshore Drilling at the end of May. He is currently managing director of Salvesen Timberframe.

★

Commercial Union Assurance states that Mr. J. E. Coombes, general manager, Far East, will be leaving in August to take up an appointment in the U.K. He will be succeeded in that post on August 15 by Mr. K. N. Finlay, at present deputy general manager, and state manager for Victoria, Commercial Union Assurance Company of Australia.

★

Pye factory plans 235 staff cut

By Chris Baur, Scottish Correspondent in Edinburgh

THE LABOUR force at Pye TMC's Scottish factory in Airdrie is to be cut by 235 by August, the company announced yesterday. The factory employs 900 people.

The company and trade unions are holding discussions and it is hoped to implement cuts by August 6.

There has been a reduction in demand for the products made at Airdrie—the largest of Pye's two Scottish factories. In particular, there has been fewer orders for telephones from both commercial and post office users

"Despite this reduction in activity in traditional products, the company wishes to emphasise the importance of the future role of the Airdrie factory," an official said.

There is no change in last year's decision to concentrate the production of new push-button telephones, electronic switching equipment and other new products in Scotland. The company had orders worth more than £3m. from the Post Office for push-button telephones.

Accountants protest over credit Act

BY MICHAEL BLANDEN

THE ACCOUNTANCY profession has made a strong protest to Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, over the licensing provisions of the Consumer Credit Act.

In a letter to Mrs. Williams, Mr. John Grenside, chairman of the Consultative Committee of Accountancy Bodies — representing a total of some 8,000 practising member firms of the six leading accountancy bodies — asks that steps should be taken to exclude the exercise of their profession from the scope of the Act.

On behalf of accountants in public practice he protests "in the strongest terms" that, under the Act, accountants "are soon to be required to hold licences to enable them to continue in the exercise of their profession."

He does not question the desirability of legislation to protect consumers. But he does question "the existence of any demonstrable need for the legislation to extend to the activities of professional people who are themselves already subject to stringent codes of conduct."

Mr. Grenside says that the Office of Fair Trading—which is responsible for administering the Act—has informed the accountants that every firm in general public practice is likely to require a licence, both as credit brokers and as debt counsellors.

Credit brokerage, he argues, is usually only an infrequent function of practising accountants, but uncertainty of definition make it difficult to take advantage of the Act's exclusion of cases where particular types of business are carried on only "occasionally."

Debt counselling, he says, is according to the OFT probably to be regarded as part of the normal function of a practising accountant and likely to be involved whenever an accountant is discussing a set of accounts with a client.

"If that is in fact the case," Mr. Grenside maintains, "the requirement for a practising accountant to hold a licence for this activity seems to us totally illogical."

Mr. Grenside points out that, for well over a quarter of a century, Parliament has entrusted the office of auditor of a public company to members of bodies of accountants recognised for that purpose.

"To suggest, merely because such professional people also give advice to individuals rather than corporations, that they now have first to establish themselves as fit to do so, is, we maintain, both inconsistent and a waste of administrative resources."

While asking to be excluded from the Act, the accountants are also considering applying next time round for a group licence, on the lines of the application made by the Law Society.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 6.69 on encouraging news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 7.

FURTHER MODERATE gains were scored on Wall Street to-day, reflecting Federal Funds interest rate easing to 4⅞ per cent. bid, indicating the Fed wasn't tightening its credit position further, some encouragement from the unemployment figures, plus the Citibank holding its prime rate unchanged at 6½ per cent.

The Dow Jones Industrial Average rose a further 6.69 to 996.22, reducing its loss on the week to 0.63, while the NYSE All Common Index, at $54.26, gained 40 cents on the day and 15 cents on the week. Rises led falls by 930-to-488, while the trading volume further expanded 1.61m. shares to 17.81m.

Most of the economic news, including Corporate earnings, rising new car sales, and capital spending plans by big business, is of a favourable nature, and appears to be the overriding Stock Market influence at the present time, analysts said.

U.S. companies plan to increase capital spending by 13 per cent. to $127,300 this year compared with 1975.

Exxon climbed $2¾ to $99½, following price increases of 1 cent a gallon on gasoline.

Fansteel spurted ahead $4¾ to $18⅞ on plans to block H. K. Porter's offer of $17 per Common share.

Fairchild Camera picked up $3¾ to $42¼—it expects 1976 sales to top the previous record of $384.9m. in 1974.

Advance Investors advanced $1⅞ to $10⅜—it is seeking to convert to a Mutual Fund.

Empire Gas rose $1¼ to $15½—it is offering to buy 2m. Common shares of Pargas at $18.50 each. Pargas last traded at $16¼.

Technicare climbed $2 to 40½—it expects 1976 earnings to exceed by at least 75 per cent. the $1.28 a share earned in 1975.

The American S.E. Market Value Index rose 0.59 to 102.91, for a net rise of 0.34 on the week.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
White Motor	[illegible]	5½	[illegible]
Amer. Tel. Tel.	202,400	57⅞	[illegible]
Gen. Technol	195,400	[illegible]	−⅛
Gulf Oil	192,000	25⅛	—
Singer	191,500	21½	[illegible]
Avon Products	183,100	45⅛	−2⅜
Sony	162,300	9⅝	[illegible]
General Motors	[illegible]	70⅞	[illegible]
Exxon	134,500	99	−2⅜
Tenneco	[illegible]	29⅜	[illegible]

OTHER MARKETS

Canada up again

Canadian Stock Markets continued to gain slight ground in moderate activity yesterday.

The Industrial Share Index rose 0.40 to 192.92, Golds 1.75 to 292.03, Base Metals 0.73 to 90.16, Western Oils 3.28 to 232.03 and Utilities 0.10 to 142.67. But Banks gave way 1.96 to 246.06 and Papers lost 0.42 to 126.22.

PARIS—Lower in featureless trading, led by Banks, Constructions and Electricals. Transports steady.

Jacques Borel lost ground, despite higher quarterly turnover.

Americans mixed, Germans, Dutch, International Oils and Coppers easier, while Golds gained ground.

BRUSSELS—Mixed in moderately active trading.

Steels and Metals irregular, as were Chemicals, Oils declined, Electricals lower, Holdings eased.

U.S. shares firmed. German, Dutch and French issues gave ground. South African Gold Mines improved.

AMSTERDAM—Generally weak. Sentiment increasingly affected by Government's Corporate profit-sharing scheme proposals.

Dutch Internationals led down by Hoogvens off Fls.1.3.

State Loans again edged lower.

OSLO—Industrials, Bankings, Insurances and Shippings all quiet.

VIENNA—Steadier trend.

COPENHAGEN—Markedly higher in active dealings.

GERMANY—Again lower, with losses mostly up to DM3, influenced mainly by easier Bond Market.

Banks, Motors, Chemicals and Constructions all eased.

Bond Market fell widely up to DM0.60, with Regulating Authorities taking up DM40m. nominal of stock. Foreign Mark Loans also weaker.

SWITZERLAND — Narrowly mixed, apart from Bally Bearer and Registered which each rose sharply on very heavy demand following persistent takeover rumours.

Dollar stocks narrowly mixed, Dutch International barely steady, Germans slightly lower.

MILAN—Mainly lower in rather quiet trading.

Treasury issues slightly lower in otherwise fairly resistant Bonds.

HONG KONG — Firm in light trading.

TOKYO—Market recovered as selective buying revived in Blue Chips. Volume 170m. (160m. shares.

Electricals and Motors led the rise, in anticipation of a further increase in exports.

Teikoku Oil recouped Thursday's Y62 loss, pushing up Oil and Resource shares.

JOHANNESBURG—Gold shares were firmer on local and London buying. Financial Minings followed Producers up.

AUSTRALIA—Mixed, with Base Metals and Banks firming but Uraniums and some Industrials declined in moderate activity.

Pancontinental came back 40 cents to $A10.70, Queensland Mines 5 cents to $A2.25 and Kathleen 4 cents to $A1.26.

Indices

NEW YORK—DOW JONES

	May 7	May 6	May 5	May 4	May 3	April 30	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	996.22	989.55	986.46	993.70	990.52	999.85	1,011.02 (21/4)	858.71 (2/1)	1051.70 11/1/73	41.22 (2/7/32)
Home Bonds	72.78	72.88	72.82	72.74	72.86	73.06	73.80 (22/4)	69.11 (2/1)	—	—
Transport	214.18	212.41	211.95	212.02	210.45	212.77	215.46 (22/4)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	87.87	87.85	87.42	87.59	87.82	87.74	91.90 (4/2)	84.84 (2/1)	165.32 (20/4/69)	10.58 (28/4/42)
Tr'ding vol 000's	17,810	16,200	14,870	17,240	15,150	14,550	—	—	—	—

	April 30	April 23	April 13	Year ago (approx.)
Ind. div. yield %	3.70	3.69	3.76	4.55

STANDARD AND POORS

	May 7	May 6	May 5	May 4	May 3	April 30	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	114.55	115.72	113.40	114.11	113.46	114.23	118.57 (24/3)	101.64 (2/1)	134.54 11/1/73	3.52 30/6/32
†Composite	101.88	101.16	100.88	101.46	100.92	101.64	105.61 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 5	April 29	April 22	Year ago (approx.)
Ind. div. yield %	5.44	[illegible]	5.28	3.76
Ind. P/E Ratio	15.66	13.85	14.00	10.35
Long Govt. Bond yield	[illegible]	5.56	5.49	[illegible]

N.Y. S.E. ALL COMMON

May 7	May 6	May 5	May 4	1976 High	1976 Low
54.26	55.86	55.76	55.97	55.20 (5/4/76)	57.88 (2/1/76)

Rises and Falls May 7

Issues Traded—1,906	Up—950	Down—488	Same—488
New Highs—75		New Lows—13	

MONTREAL		May 7	May 6	May 5	May 4	1976 High		1976 Low	
	Industrial	205.50	202.42	201.72	200.95	205.67	(25/3)	176.82	(2/1)
	Combined	198.04	195.46	194.87	195.88	198.57	(24/2)	173.87	(2/1)
TORONTO	Industrial	192.92	192.52	192.08	191.68	197.45	(20/2)	175.01	(2/1)
JOHANNESBURG	Gold	188.4	186.5	201.0	188.2	225.7	(12/3)	174.4	(5/4)
	Industrials	211.7	210.8	208.4	207.5	212.8	(9/1)	188.6	(5/4)

	May 7	Previous	1976 High	1976 Low
Australia (a)	462.04	461.10	472.91 (29/3)	445.32 (5/1)
Belgium (b)	101.64	101.92	113.18 (5/2)	101.64 (7/5)
Denmark (c)	104.52	105.77	107.79 (27/1)	100.30 (10/5)
France (e)	65.7	66.2	74.5 (5/3)	65.7 (7/5)
Germany (f)	755.5	762.6	821.7 (17/3)	755.0 (14/5)
Holland (g)	95.4	97.0	105.5 (5/2)	95.4 (7/5)
Hongkong (h)	418.12	416.86	465.55 (11/4)	354.55 (2/1)
Italy (i)	77.33	77.62	91.57 (23/3)	72.30 (4/5)
Japan (j)	340.41	338.66	344.51 (24/3)	326.21 (6/1)
Singapore (k)	253.26	259.10	265.16 (3/2)	236.35 (2/1)
Spain (p)	100.79	99.70	100.79 (7/5)	85.43 (1/4)
Sweden (q)	473.13	473.64	476.25 (5/5)	394.35 (19/1)
Switz'rl'd (r)	323.7	323.4	342.6 (12/3)	321.0 (4/5)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10). (a) Sydney All Ord. (b) Belgian SE 31/12/63 (c) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953 (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (i) Milan 2/1/73 (j) Tokyo New SE 4/1/68 (k) Straits Times 1966. (p) Madrid SE 31/12/74 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58 (u) Unavailable † Excluding bonds * 425 Industrials † 425 Inds., 50 Utilities and 25 Rails (c) Closed.

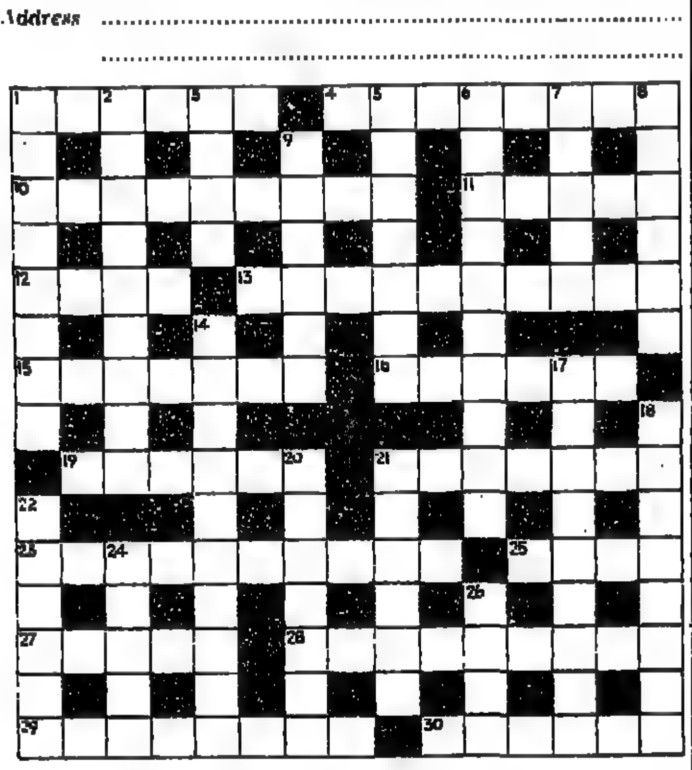
F.T. CROSSWORD PUZZLE No. 3,074

A prize of £3 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



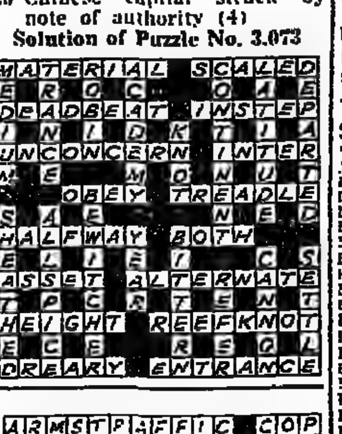
ACROSS

1 Goodbye to toast (6)
4 Confess to being worn out when trapped (8)
10 Attacker is a fool to trouble hill worker (9)
11 Used by painters to make an unusual spurt (5)
12 Teeth given to company doctor (4)
13 Company making biggest deficit offers shopping bail (4, 6)
15 With gin it is European (7)
16 Listener attached to you old-fashioned material (6)
19 Way a hardened prisoner finds prison camp (6)
21 Caught by one inclined to be a char (7)
23 First three winnings (5, 5)
25 Land in the sea (4)
27 Relative heard of on the Mediterranean (5)
28 Northern resort takes wine from a different quarter (9)
29 Bird blushing with shock (8)
30 He makes up near to break-up (6)

DOWN

1 Have a go to break the thing in question (6, 2)
2 Of course sailor takes medicine (5, 4)
3 29 gets assistance in sudden attack (4)
5 French painter could make one miss tea (7)
6 In trouble on the way to Barking (2, 3, 5)
7 Male staff provided for Biblical king (5)
8 Wish to meet the Camptown father (6)
9 Beast doing graduate a favour (6)
14 All the runners happening to make up athletic contest (5, 5)
17 Workpeople depressed by easy way to win (5, 4)
18 Stopper upset artist going by sleeper (8)
20 Overfed sound of food supplier (7)
21 Young beast embracing female becomes a little angel (6)
22 Beginner goes canny in the kitchen . . . (6)
24 . . . before a director (5)
26 Chinese capital struck by note of authority (4)

Solution of Puzzle No. 3,073



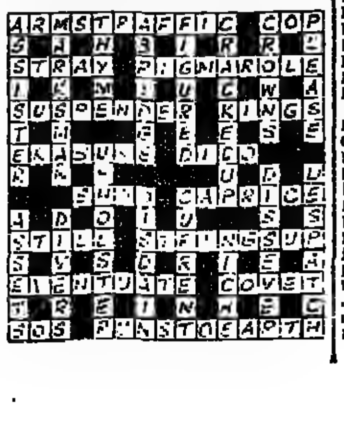
SOLUTION AND WINNERS OF PUZZLE NO. 3,068

Following are the winners of last Saturday's prize puzzle:

Mr. T. G. Allen, 3, Pevensey Close, Worcester WR5 2HZ

Mr. G. K. Grigg, "Two Trees," Creek End, Fishbourne, Chichester, Sussex PO18 8JS

Mrs. B. Marr, 14, Cheyne Walk, Meopham, Kent.



RACING — BY DARE WIGAN

Riboboy the Derby danger to Wollow

HAD IT not been for an abysmal display in the Laurent Perrier Champagne Stakes at the Doncaster St. Leger meeting last year, Lady Beaverbrook's Riboboy would be unbeaten.

It is evident that he did not give his true running at Doncaster when one considers that he finished well over 20 lengths behind the winner, Take Your Place. Yet when the two horses met again in the Classic Trial Stakes at Sandown a fortnight ago, he defeated Henry Cecil's colt by two lengths.

He was receiving 5 lbs from the runner-up, but Take Your Place appeared to be the fitter of the two. If Riboboy follows the pattern set by the offspring of his sire, Ribot, one can assume that only now is he developing his full strength.

I shall be surprised if he fails to win the Ladbroke Derby Trial Stakes (2.30) at Lingfield this afternoon. If there is any danger to Wollow in the Derby, Riboboy is the one most likely to supply it.

Anyone with a good pair of binoculars could scarcely have failed to notice the promise shown by *Sir Montague* behind Lighter and Lost Chord at Newbury on April 9. This handsome chestnut colt by Connaught is a confident selection for the Wheeler Big Fish Stakes (2.0).

Prince Pepe, who ran by no means badly behind the smart Palatable in the valuable XYZ Handicap at Newcastle last month, will go well in the Cosmopolitan Cup Handicap (3.0) and later Role, if consenting to do his best, would not be long in winning the April The Fifth Handicap (3.30) with 9st 1lb in the saddle.

Elm, who scored easily from Easy Landing at Sandown the other day, looks best in the Tulyar Stakes (1.30), for Easy Landing paid tribute to the form when winning at Chester on Thursday. The Queen's *Chain of Reasoning*, which I understand is the first two-year-old to be saddled by Major Hern this season, may not have to be anything out of the ordinary to land the Parthia Stakes (4.30).

Peter Walwyn has despatched Indian Warrior, whom he trains for M. Daniel Wildenstein, to Ayr for the "1576" Stakes (4.0). And two others who have made the long haul from the South to the western seaboard of Scotland are Rhodomontade and The Happy Hooker, both of whom contest the Ayr 400th Anniversary Handicap (2.30).

A line taken through Berkeley Square suggests that *Rhodomontade* may come out the better. *Premier Bond*, runner-up to the smart Arapaho at Sandown, looks best for the John Kennedy Stakes (1.30).

The best betting propositions at Bath may be *Honey Blossom* in the Midsomer Norton Handicap 4.15 and *Bremo* in the West Littleton Maiden Stakes (4.45). And at Ripon, *Briar Patch* and *Echo Summit* look like providing the answers to the William Hill Handicap (2.15) and the R. W. Armstrong Memorial Challenge Cup Handicap (2.45) respectively.

LINGFIELD
1.30—Elm
2.00—Sir Montague***
2.30—Riboboy
3.00—Prince Pepe
3.30—Major Role
4.30—Chain of Reasoning

AYR
1.30—Premier Bond*
2.30—Rhodomontade
4.00—Indian Warrior**

BATH
4.15—Honey Blossom
4.45—Bremo

RIPON
1.45—Palustra
2.15—Briar Patch
2.45—Echo Summit

OVERSEAS SHARE INFORMATION

Investment premium based on $2.00 per £—125⅛% (124⅞%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo.

COPENHAGEN

[illegible]

OSLO ♣

[illegible]

AUSTRALIA

[illegible]

AMSTERDAM

[illegible]

VIENNA

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ♦

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

SPAIN ♥

May 7	Per cent.	
Asland	260	+16
Banco Lopez Quesada	739	−5
Banco Bilbao	825	+5
Banco Atlantico (1,000)	572	+7
Banco Central	920	+8
Iberduero	174.25	−3.75
Motor Iberica	284	+9
Olarra	650xd	—
Papeleras Reunidas	330	—
Petroliber	255	—
Petroleos	582	+24
Sarrio Papalera	235	−2

[illegible]

NOTES: Overseas prices exclude $ premium. [illegible]

OVERSEAS NEWS

Optimism about accord with developing countries

BY REGINALD DALE

NAIROBI, May 7.

DIFFERENCES among the industrialised countries over future arrangements for world trade in raw materials persisted here to-day as Canada and West Germany took widely divergent positions at the UN Conference of Trade and Development (UNCTAD). Nevertheless, there were continuing signs of optimism in the industrialised camp that some kind of agreement with the developing countries could be hammered out by the time the conference ends in three weeks time.

M. Gaston Thorn, President of the EEC Council of Ministers, told journalists that he thought there was room for give in the Community's position and that it should be possible to arrive at a consensus on new commodity arrangements—widely regarded as the key issue of the conference. Mr. Edmund Dell, the U.K. Trade Secretary, said he was "reasonably hopeful."

Nevertheless Dr. Hans Friderichs the German Minister of Economics, took a fairly tough line when he addressed the conference to-day. While accepting the need for new commodity arrangements, he made a strong defence of the free play of market forces, and warned *against the creation of* "instruments for the regimentation of the world economy." There could be no ready made global solution, he continued, and Germany had reservations over the Common Fund which the developing countries want set up immediately to support raw materials prices.

Mr. Allan MacEachen, the Canadian Foreign Minister, was much more forthcoming. Canada accepted the need for an "integrated approach" the catch-phrase on which the developing countries are insisting, supported the principle of joint producer *consumer financial responsibility* for buffer stocks and would look "sympathetically" on the Common Fund proposal, he told the conference.

He said Canada also had an open mind on the international debt conference that the developing countries have demanded, an idea which is opposed by most other developed countries, including Britain. However he stressed that such a conference would have to be well prepared and have clearly defined objectives.

The hard bargaining begins

BY REGINALD DALE IN NAIROBI

NOW THAT most of the industrialised countries have made their opening speeches at the UNCTAD conference here, the stage is set for three weeks of hard bargaining between the world's rich and poor nations. The outcome will be crucial in determining whether or not the developing countries decide to choose the path of confrontation *to force extra concessions from* the industrialised nations, or whether the current phase of "concertation" will continue.

The demands of the developing countries are well known, and they have been repeated by virtually every speaker from the Third World here this week. The priority items are an "integrated" programme for commodities, under which common principles and techniques would be agreed for regulating future trade in raw materials, backed by a common fund of up to $6bn. to support prices; an international conference to reschedule both the commercial and official debts of developing countries; and a legally binding code of conduct to ensure a far greater flow of technology from rich to poor countries. Success or failure of the conference will depend on how far the developing countries are satisfied with the industrialised world's response to these demands.

This response, particularly on the key issue of commodities, has so far been widely divergent. West Germany, as expected, has preached the virtue of market forces and the need to allow business a free rein (Japan, which has yet to speak, could well take a similar line); the U.S. has come up with an alternative to the common fund, a new International Resources Bank (IRB), which has not had a very good initial reception from the developing countries; of the other major countries, France and Canada have gone the furthest to meet the developing countrys' demands (though not as far as the Netherlands or Sweden), while the U.K. appears to be somewhere in the middle.

Few people here claim to understand fully the details of the American IRB proposal, presented in an hour-long speech by Dr. Henry Kissinger the U.S. Secretary of State, on Thursday, and considered reactions have been slow in coming. But a number of developing countries have made it clear they take a poor view of the continuing importance the IRB scheme would apparently give to the role of private capital. The basic idea is that the bank would sell "commodity bonds" on the private market and use the proceeds to finance the exploitation of commodities, such as iron ore and non-ferrous metals apparently lying unused beneath the ground. There is a possibly unjustified fear that this could interfere with national control over raw materials deposits, together with considerable general scepticism over U.S. motives. One suspicion is that the aim is principally to ensure future cheap supplies of raw materials for the industrialised countries, and help multi-national corporations invest in profitable operations.

Realising that the U.S. proposal would not meet an overwhelmingly enthusiastic reception, the French pulled off a typically skilful diplomatic coup. Only a few hours after Dr. Kissinger had spoken, M. Jean-Pierre Fourcade, the Economics Minister, came up with a new French proposal considerably more to the liking of the developing countries — a proposal, *in fact, that goes a long way towards* the idea of a common fund. The French suggestion is for a "Central Fund" that would be set up once four or five individual

UNCTAD '76

commodity agreements had been negotiated. The "Central Fund" would be *fed* from profits made by the separate funds to be established for individual commodities, and by international organisations such as the World Bank.

Bank. Its function would be to redistribute money between the individual funds, and organise additional support operations where necessary.

Where the French plan differs from the "Common Fund" is that it would not be set up straight away but only when a number of individual funds, had been set in place. However, it is a significant step in the direction that the developing countries are seeking. The question is first whether it will be enough for the developing countries, and second whether the other industrialised *countries will go along* with it. The French were today claiming that the initial reaction from developing countries had been favourable.

M. Fourcade who poured cold water on the Kissinger proposal maintains that there is no need for an "IRB" and most delegates have regarded the two proposals as alternatives. To-day, however, perhaps indicating the direction of a possible compromise, Mr. Allan MacEachen, the Canadian Foreign Minister, said the two were not mutually exclusive. Both proposals, are clearly susceptible to further negotiation and one of the most significant elements of the Kissinger plan is that it accepts that money from the IRB could *in certain circumstances be used* to finance buffer stocks of commodities as well as promoting investment.

Apart from the financial angle, the industrialised countries do share a good deal of common ground of general principles, and particularly on the urgency of re-structuring trade in raw materials. They all agree that a time table should be set to convince the developing countries they are not trying to delay new arrangements, they are all still insisting on a case-by-case approach to each individual commodity, although they accept parallel negotiations on several products at once under some kind of umbrella. They are all, of course, opposed to the indexing of commodity prices to the price of manufacturers, another of the developing country's demands.

The industrialised countries, have also largely maintained their common front this week on the other two principal third world demands debt relief and the transfer of technology. Not even the French have been tempted to break rank. In all the speeches the industrialised countries have made this week, they have continued to insist that there can be no binding code of conduct for technology transfers, usually arguing that technology is mainly in the hands of private companies, not governments, and they have maintained their opposition to a generalised debt moratorium. But, short of these two sticking points, they will be prepared to take action on both fronts.

General strike call in Beirut

By Ihsan Hijazi

BEIRUT, May 7.

THE strife over the election of a new president deepened here to-night as certain parliamentary blocs announced their intention of attending the session to-morrow to elect Mr. Sarkis. The left wingers, however, declared their determination to stop it.

The left alliance of Mr. Jumblatt called for a general strike to-morrow to head off what a statement issued to-night described as "the conspiracy to impose a new president." The alliance accused the Christian right-wingers of escalating the fighting in the mountains and warned that unless the truce is observed everywhere it could not hold. This was taken by observers as a sign that the fighting be resumed.

Beirut to-night echoed again *to sounds of machine-guns,* mortars and rocket fire promising a militarily hot day to-morrow.

Mr. Jumblat's stand has been backed by a strong Moslem bloc led by former Premier Saeb Salam. Sources close to Mr. Salam, who leads his own parliamentary front, said he and his colleagues have decided not to go to the parliamentary session to-morrow in protest against what they regarded as unwarranted pressure from across the border.

Both Mr. Jumblatt and Mr. Salam are backing deputy Raymond Edde for the presidency against Mr. Elias Sarkis, the governor of the Central Bank *who is supported by Syria.*

Damascus was reported to have insisted that the Lebanese parliament should meet to-morrow as scheduled to elect Mr. Sarkis. Reports in the Press to-day said the Syrian attitude was conveyed to a delegation from the right-wing Phalangist party which held talks in Damascus yesterday.

A statement made on Wednesday by a prominent member of parliament was cited by the left as a glaring example of alleged Syrian intervention. The deputy, Mr. Suleiman Al Ali, a leader of his own parliamentary grouping, said that he decided to *support Mr. Sarkis* "in accordance with the wishes of our sister country, Syria."

Parliament speaker Kamel Al Assaad and many members of parliament have found themselves in an impasse. Mr. Al Assaad's attempt to get Syria and the left to agree to a compromise candidate produced no effective results.

INTERNATIONAL COMPANY NEWS

Change in dealing methods for NY Stock Exchange

BY STEWART FLEMING

NEW YORK, May 7.

THE BOARD of the New York Stock Exchange is expected at its meeting next week to approve proposals which will bring about a basic change in dealing methods on the floor of the Exchange by allowing specialists traders in stocks to compete.

The change will mean that floor trading in New York will come to resemble more closely market activities on the floor of the London Stock Market *although substantial differences* will of course still remain.

Specialists on the New York Stock Exchange hold stock and make markets and are responsible for trying to ensure that a market is orderly.

In broad terms their functions resemble those of jobbers in London, although the parallels are not precise. A New York specialist for example can also act as an agent for a broker and not just as a principal on his own behalf.

A major difference between New York and London is that specialists in particular stocks currently have a monopoly on the stocks they trade in. It is this monopoly which the NYSE is expected to abolish, assuming there is no sudden change of view over the next few days.

It seems likely that specialists will be able to obtain permission to set up in competition, dealing in the same stocks as other *specialists. No details of what is* envisaged are yet available.

But there are suggestions that the basis of competition will be as follows: a specialist wanting to compete will have to agree to deal in the full range of the current monopolist specialists' stocks and will not be free to pick and choose those companies which he feels he might be able to do best in.

If approval is given by the NYSE board, as is now expected, the new system could be introduced quite quickly. Although competition between specialists does not currently take place this is by convention because there are no rules against it.

The aim of introducing competition would be to try and improve the liquidity of the market. It seems likely that the move will also result in tougher price competition. The pressure for change has come from the specialists themselves, many of *whom feel that they can success*fully invade other preserves.

In the background however is the Securities and Exchange Commission. Ever since last years Securities Act, the SEC has been pushing for greater competition between financial institutions in all sectors of the financial markets over which it has any influence. It has also been studying the impact of its own regulations on inhibiting competition.

FTC accuses Levi Strauss

BY DAVID BELL

WASHINGTON, May 7

LEVI STRAUSS, one of the world's biggest clothing manufacturers, was accused to-day by the U.S. Federal Trade Commission of price-fixing in the sale of its jeans and other garments.

The company, with headquarters in San Francisco and sales in its 1975 financial year of about $1bn., is said by the FTC to have told its retailers what prices to charge for its products and also to have required them to buy a variety of product lines before permitting them to sell the jeans.

To keep retail prices fixed, the FTC said, the company ended its contracts with dealers who refused to comply with its instructions, refused to deal with prospective dealers whom it thought would not comply with the instructions, and told its dealers that its garments were being traded fairly and that as a matter of lew they should stick to the prices fixed by the company.

Levi Strauss, which has three plants in Britain and five elsewhere in Europe, said this afternoon that its relations with its dealers were "wholly lawful." and that it is prepared to defend itself.

A spokesman said the company had from time to time suggested to its dealers competitive resale prices based on "traditionally accepted retail mark-ups" and had selected its retailers in keeping with its emphasis on high-quality outlets.

The company said it had been co-operating with the FTC for some time and that its products had never been "fair traded."

Fair trade is about the same as *resale price maintenance and com*panies are allowed to use "fair trade" practices only under certain conditions.

An FTC spokesman said to-day that the Commission alleges that Levi Strauss asserted that its products were being fair traded when in fact they were not.

Record losses at Usinor

BY RUPERT CORNWELL

USINOR, the largest French steel group, to-day announced a consolidated loss of an unprecedented Frs.1.4bn. (£160m.) for 1975, a year of disaster for the industry in France and Europe.

The operating loss was steeper still, at Frs.1.56bn. (£180m.), after a decline in sales of almost 22 per cent. to Frs. 8bn. (£950m.) from the Frs.10.2bn. achieved in the boom conditions of 1974. The *volume of deliveries dropped* by a similar amount to 7.9m. tonnes equivalent to 37 per cent. of the French market.

The most striking feature, however, of the consolidated balance sheet that has been published ahead of the annual meeting on May 25 is the evidence it gives of Usinor's crippling debt burden, a problem facing every company in the steel industry here.

While short term borrowings fell slightly to Frs.5.5bn. (£650m.) outstanding long term and medium term indebtedness rose by a fifth to Frs.12.4bn.—a figure substantially higher than turnover, and one that supports the complaints of steel spokesmen that the industry's financial position is so weak as to jeopardise future expansion plans.

Usinor, in fact, intends to obtain shareholder approval to write up the value of certain of its major assets and thus reduce the ratio of its debt to equity In doing so, it will jump the gun on the inflation accounting that will probably be introduced here in a few months' time as part of the 1977 budget proposals.

COMMODITIES/Review of the week

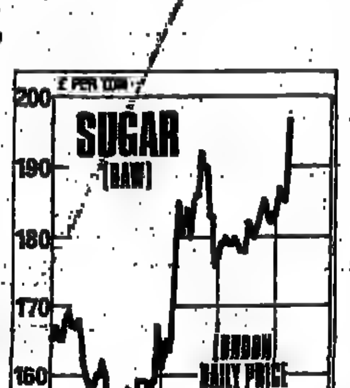
Tin pact prices increased

BY OUR COMMODITIES STAFF

THE International Tin Council announced yesterday that it was raising the ceiling price of the International Tin Agreement by $100 (Malaysian) per picul, to $M1,200, immediately. The decision follows three days of discussions by the Council.

The floor price was also raised, by $M50 to $M1,000, and the middle range was increased from $M1,000 to $M1,050, to $M1,065 to $M1,135, a picul. The moves *in floor and ceiling prices result* in the spread between them being widened to $M200.

ITC decided to increase the export quotas from 35,000 tonnes, to 40,000, in the present April 1 to June 30 quarter.



It also accepted an offer by the Bolivian Government—which led the move to increase the price range—to organise a seminar on in production costs, to be held in Bolivia.

Under the stimulus of the expected rise in the ITA range, prices on the London Metal Exchange continued to soar yesterday, reaching a new all-time peak of £4,260 a tonne for three months standard tin before dropping back.

After the ITC announcement the market was given a new fillip, prices reached only £4,250 before dropping to close at £4,246 a tonne—£73.5 up on the day and a hefty £223.5 up on the week.

Cash standard tin also closed at a record for the year of £4,135 a tonne, £77.5 higher on the day and £217.5 on the week.

Overnight, the Penang price had climbed to $M1,126 a picul—a rise of $M27 over the week, which saw some heavy selling on behalf of the ITA buffer stock manager, the price exceeding the original ceiling level of $M1,100.

The LME copper market also ended the week firm, influenced mainly by the strong tone in New York and reports of an earthquake in Peru. Cash copper wirebars closed £11.75 higher on the week, at £851.5.

Lead and zinc followed copper's pattern. Cash zinc closed £4.75 up, at £441.75, after forecasts by the Commodities Research Unit of a severe shortage by early 1978 and renewed reports of an imminent rise in the U.S. producer price. Cash lead closed £10.5 higher on the week, at £276.5 a tonne.

"Soft" commodity prices also rose sharply on the week, cocoa and coffee futures establishing new records and sugar reaching an eight-month peak.

Currency factors played a part in the rise in cocoa, but dealers felt that *signs* of growing demand for current crop physical cocoa may have had a more important effect.

The market was still performing very strongly yesterday, the July position rising the permissible £20 limit soon after the opening. By the end of the day, July cocoa had gained £61.25, to £1,104.25 a tonne.

The coffee market was kept on the boil by reports of supply difficulties.

A £29.5 rise yesterday took July delivery coffee on the Lon*don terminal market* to £1,447.5 a tonne, up £125 on the week.

The earlier rise in sugar prices was less dramatic, but after a sudden £9.5 spurt yesterday, the October futures position finished the week £17.275 higher at £204.

WEEKLY PRICE CHANGES

	Latest price per ton unless stated	Ch'ge on week	Year ago	1976 High	1976 Low
Metals					
Aluminium (u)	£456	—	£378.6	£456	£420
Free Market c.i.f.	£473-485	+15.0	£270-280	£476.85	£340
Antimony (99%)	£1,565	—	£1,450	£1,565	£1,450

	Latest price per ton unless stated	Ch'ge on week	Year ago	1976 High	1976 Low
Spices					
Cloves (q)	£3,000	—	£2,350	£3,000	£2,400
Pepper, White (q)	£1,080	−10.0	£840	£1,080	£910
Black (q)	£875	−10.0	£675	£885	£710
Oils					

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Little changed on balance on the London Metal Exchange, but still some £11 higher over the week. Prices opened firm, reflecting rise in U.S. markets overnight. Forward metal traded at £882 here in early dealings. Profit-taking then turned prices easier and the fall was extended by a disappointing Comex opening in the afternoon. Forward metal fell to £787 before ending at £880 on the afternoon Kerb. A modest increase is expected in warehouse stocks over the week. Turnover 25,825 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	857.5-8	+18½	851-2	......
3 months	885-.5	+18.5	879-.5	—.25
Settlem'nt	858	+18	—	......
Cathodes				
Cash	845.5-6.5	+17½	842-5	—2
3 months	875.5-6	+18½	869-70	—1.25
Settlem'nt	849.5	+17.5	—	......
U.S. Smt.	......	......	*70	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £859, 58.5, 58: three months £885, 89, 88, 87, 85, 86, 87, 88, 87.5, 87, 86, 85.5, 86, 87, 86.5, 86, 85.5, 85, 85.5. Cathodes: Three months £875, 75.5, 76. Kerb: Bars, three months £885, 84, 83, 82, 83, 84, 85, 84, 81. Cathodes: three months £877.5. Afternoon: Wirebars, cash £852.5, 52, 51.5; three months £881, 83, 82.5, 83, 82, 80, 79, 78.5, 78, 79, 78.5, 78. Cathodes: Cash £844: three months £871.5, 69. Kerb: Bars, three months £877, 78, 79, 80, 81, 80. Cathodes, three months £874.

TIN—Sharply higher again, reflecting jump in the Penang price overnight and later in the day, news of the immediate further relaxation of export quotas and upward revision of dealing ranges of the International Tin Agreement. Forward standard metal traded up to £4,260 before ending at £4,235 on the afternoon Kerb. Prices have gained around £220 over the week. There was no official indication of warehouse stock movements, but market

SILVER

Silver was fixed 5.4p an ounce higher for spot delivery in the London bullion market yesterday, at 245p. U.S. cent equivalents of the fixing levels were: Spot 447c, up 9.1c; three-month 458.1c, up 9.9c; six-month 469c, up 9.5c; and 12-month 474.5c, up 9c. The metal opened at 244½-245½p (446-448c) and closed at the same level, after touching 247-248p (450½-452½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	245p	+5.4	244.9p	+5.45
3 months	251.5p	+5.6	250.95p	+5.85
6 months	258.5p	+5.6	......	......
9 months	—	......	261p	+2.85
12 months	275p	+5.6	......	......

LME—Turnover 177 (132) lots of 10,000 ozs Morning: Three months 252.0, 2.8, 2.6, 2.8, 2.7, 2.5, 2.6, 2.0, 2.4, 2.5. Kerbs: Three months 252.3, 2.5. Afternoon: Three months 251.3, 1.0, 50.7, 50.8, 50.9, 50.8, 51.3, 1.5, 1.6. Kerbs: Three months 251.7, 51.6, 51.3.

COCOA

In active conditions cocoa values advanced sharply throughout the day with renewed speculative buying and allied short-covering, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. Contract			
May	1122.0-24.0	+54.5	1124.0-90.0
July	1103.5-05.0	+61.25	1104.0-80.0
September	1048.0-49.0	+64.75	1050.0-20.0
December	969.0-70.0	+61.0	970-31
March	940.0-47.0	+53.5	950.0-25.0
May	924.0-26.0	+48.0	926.0-10.0
July	902.0-03.0	+42.0	902.0-885.0

Sales: 6,282 (4,472) lots of 10 tonnes. International Cocoa Agreement prices, U.S. cents per pound—Daily 76.43 (77.68); 15-day indicator average 77.53 (77.35)

U.S. Markets

Limit Gains in cocoa, coffee and sugar

NEW YORK, May 7.

SILVER rallied on Commission House and local buying. Cocoa closed limit-up bid following London on strength of good European demand. Soyabeans finished strong in good demand, which carried over to other grains. Sugar finished at and near limit-up bid on heavy speculative and chartist buying. Coffee finished limit bid on trade buying, Bache reports.

Cocoa—Ghana spot 945 nom. (same). Bahia spot 95½ nom. (95½ nom.). May 91.50 (88.15), July 89.10 (84.10), Sept. 81.25, Dec 75.40, March 72.70, May 70.70, July 68.50, Sept. 67.95. Sales: 300.

Coffee—"C" Contract: May 138.80-138.00 (131.10), July 135.45 bid (130.45), Sept. 132.40 bid, Dec. 128.60 bid, March 126.40 bid, May 127.50 bid. Sales: 872.

Copper—May 71.60 (71.70), June 71.90 (71.60 settlements), July 72.30, Sept. 73.10, Dec. 74.20 settlements. Sales: 4,900.

Cotton No. 2—May expired, July 65.97-66.00 (65.22), Oct. 65.80-66.12 (65.30), Dec. 64.70-64.40, March 64.71, May 64.85-64.95, July 64.93-65.10, Oct. 64.75-64.95. Sales: 4,000.

†Gold—May 128.70 (129.00), June 129.00 (129.40), July 129.50, Aug. 130.00, Oct. 131.10, Dec. 132.30, Feb 133.50, April 134.50, June 136.10, Aug. 137.40. Sales: 836.

Greasewool—Spot 177.5 nom. (same). May 170.7 bid (170.7), July 170.5-175.5 (170.7), Oct. 171.8-170.0, Dec. 171.9 bid, March 171.8 bid, May unquoted.

†Lard—Chicago loose 16.60 nom (same). NY prime steam 17.50 asked (same).

††Maize—May 278½-279½ (275), July 279-278½ (276½), Sept. 271½-271, Dec. 265-265½, March 272½-273½, May 274½.

‡Platinum—July 159.20 (158.70), Oct. 162.40 (161.50), Jan. 165.60, April 168.00, July 170.70-170.80, Oct. 173.60-173.50. Sales: 472.

‡‡Silver—Spot 445.50 (438.00), May 457.80 (445.50), June 453.90 (446.80), July 455.80, Sept. 460.50, Dec. 469.20, Jan. 471.90, March 477.60, May 483.40, July 489.20, Sept. 495.00. Sales, 6,550.

*Soyabeans—May 501½-501½ (489½), July 507-508 (497½), Aug. 512-512½, Sept. 517, Nov. 522½-523, Jan 529-530, March 537½-537, May 542.

§Soyabean Meal—May 144.50-144.70 (139.90), July 145.70-145.50 (141.90), Aug. 146.40-146.30, Sept. 147.00-147.20, Oct. 147.00-147.50, Dec. 149.00, Jan. 150.40-

This week's SE dealings

Friday, May 7	4,693	Wednesday, May 5	5,471	Monday, May 3	5,754
Thursday, May 6	5,702	Tuesday, May 4	6,485	Friday, April 30	5,208

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

* Bargains at Special Prices. Δ Bargains done with or between non-members. ⊕ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

Army border moves to be reviewed

BY GILES MERRITT IN BELFAST

WITH THE total of British Army incursions into the Irish Republic now standing at thre inside 36 hours, a high-level review of operational military techniques in Ulster's border areas is expected to be announced shortly.

In Belfast last night, the Northern Ireland Office denied reports that the SAS men arrested earlier this week were pursuing six of the Republican prisoners who escaped from Long Kesh earlier in the week.

According to local Press reports, sources inside the army have suggested that the SAS men were following the fugitive Irish Republican Socialist Party escapers, who may earlier on Wednesday night have stolen a car in the Forkhill area of South Armagh, when they were halted by an Irish Garda checkpoint.

There have also been reports of a full-scale search mounted by Irish security forces in the Co. Louth-Co. Monaghan area for the missing IRSP men, two of whom were yesterday recaptured.

The two further incidents in which British troops were apprehended by Irish authorities occurred yesterday and follow the arrest inside the Republic of an eight-man unit of the controversial Special Air Services regiment and are likely to refuel the diplomatic storm between Dublin and London that followed the Irish Director of Public Prosecution's decision to charge the SAS men with "attempting to endanger life" and offences under the Firearms Act.

The firstincident occurred this morning, just as Lt. Gen. Sir David House, GOC Northern Ireland, was discussing the SAS incursion with Mr. Merlyn Rees, the Secretary of State, at Stormont Castle.

A military detachment detailed *to guard a shipment of commer*cial explosives from the Republic erred a short distance into the south on the main Belfast-Dublin road while travelling to take over command of the lorry convoy from Irish troops and police, but were turned back by Customs officials.

It was followed by a more serious border contravention during the afternoon, when a section of seven uniformed soldiers was discovered two miles inside the Republic, at Emyvale, Co. Monaghan, and returned to Northern Ireland.

Special provisions bring loss to Stock Exchange

BY KEITH LEWIS

THE Stock Exchange recorded a profit of £631,000, excluding special items, in the financial year to March 24, 1976, compared with a deficit of £739,000 in the previous 12 month. However, exceptional expenses—relating mainly to a transfer to a special provision to cover the cost of machinery and the development of new services—reduce the final figure to an overall loss of £1.1m. against £1.9m.

The latest annual report contains accounts adjusted for inflation on the current cost account basis, under which the deficit becomes £1.4m.

The Stock Exchange has also decided to reduce the balance sheet values of properties, which are now put at £50m., against £64m. a year before.

A little in excess of £1.3m. was paid out for failures during the 12 months. The current level of applications for payment amounts to a further £900,000, though the Compensation Fund (standing at just over £1.3m.) is considered adequate.

Mr. Nicholas Goodison, chairman of the Exchange, says in his statement: "*I view with great* concern both the continued low level of industrial capital investment and the continued penalisation of savings and thrift in this country.

"Confidence must be restored to British industry and, while the Government has been making encouraging moves in this direction, much more has still to be done before we see a return to a satisfactory rate of capital investment."

The report shows that during the 12 months, 221 companies made rights issues of equity, with the total raised coming to £1.4bn. The Government issued £6.6bn. of gilt-edged securities.

Further expenditure of £9.5m. is expected to be needed on the development of the computerised settlement system; Talisman, whose total cost is now put at £15.7m

The number of Stock Exchange members at March 24 is put at 3,932 compared with 4,024 re-elected at March 25, 1975.

Job for Cohen

Mr. Harold Walker, Minister of State, Department of Employment, has appointed Mr. Stanley Cohen MP (Leeds, South-East) as his Parliamentary Private Secretary.

BANK RETURN

—	Wednesday May 5 1976	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	17,492,253	+ 642,611
Special Deposits	980,710,000	—
Bankers	274,082,150	— 74,256,730
Reserves & Other A/cs	601,665,691	— 107,619,196
	1,728,419,094	+ 34,009,072
ASSETS		
Govt. Securities	1,410,126,460	+ 218,650,000
Advance & Other A/cs	217,159,272	— 175,661,741
Premises, Equip't & other Secs.	80,951,187	— 17,468
Notes	19,575,749	— 8,999,872
Coin	206,406	— 11,783
	1,728,419,094	+ 34,009,072
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,275,000,000	— 60,000,000
In Circulation	6,255,624,251	— 41,000,128
In Bank's Dept.	19,375,749	— 8,999,872
ASSETS		
Govt. Debts	11,015,100	..
Other Govt. Secs.	[illegible]	— 95,446,557
Other Securities	725,016,431	+ 4,446,538
	6,275,000,000	— 60,000,000

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

N—O—P

Q—R—S

T—U—V

W—Y—Z

ELECT. LIGHT & POWER (8)

FINANCIAL TRUSTS (69)

GAS (3)

INSURANCE (162)

INVESTMENT TRUSTS (287)

UNIT TRUSTS (5)

IRON, COAL & STEEL (22)

MINES

Australian (7)

Miscellaneous (128)

Rhodesian & East African (5)

South African (65)

West African (1)

Diamond (7)

OIL (132)

PROPERTY (166)

RUBBER (24)

SHIPPING (38)

TEA & COFFEE (12)

TRAMWAYS & OMNIBUS (—)

WATERWORKS (5)

SPECIAL LIST

MAY 7 (Nil)

MAY 6 (2)

MAY 5 (2)

MAY 4 (2)

MAY 3 (Nil)

RULE 163 (1) (e)

Bargains marked under Rule 163 (1) (e) in securities for which quotation has not been granted and which are not recorded in the Official List.

MAY 7

MAY 6

MAY 5

MAY 4

Abrothos Oil 3
Argo InvestS. 180
Bank of New South Wales (Aust. Reg.) 625 30
Bell Bros. 100
Cleveland Tin 22
Coca Cola £70¼
Eastman Kodak £92¼
Greenbushes Tin 15 15
Hanimex Cpn. A 175
Mount Lyell New 25

MAY 3

Choung Kong 1130
Ciba Geigy 7¾pcCnv. £87
Consolidated Gold Fields (Aust.) 228
Floride Gas $US19
Hawker Siddeley (Canada) 585
ICI (Aust. and New Zealand) 174
Metramar Minerals 18
Plate Glass and Shatterproof 186
Safruit Mills 930
Samuelson Mines 69
Santos Oil 94
Sunningdale Oil £10¼
Unisec Developers and Controllers 61
Woolworth Hldgs. Ord. 219

(By permission of the Stock Exchange Council)

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (117)

BRITISH FUNDS (10)
LOANS (MISCELLANEOUS) (2)
AMERICANS (7)
CANADIANS (10)
BANKS (3)
BEERS (2)
BUILDINGS (1)
CHEMICALS (3)
CINEMAS (1)
DRAPERY AND STORES (2)
ENGINEERING (7)
FOODS (2)
INDUSTRIALS (17)
INSURANCE (9)
SHIPPING (1)
TEXTILES (1)
TRUSTS (9)
OILS (1)
RUBBERS (3)
TEAS (1)
MINES (28)

NEW LOWS (20)

BANKS (2)
Bank of Ireland — Goode Drnt. Murray

BEERS (1)
Vaux

BUILDINGS (2)
Gleeson (M. J.) — Redland

CHEMICALS (1)
Croda Intnl.

ENGINEERING (3)
Beeston Foundry — Tyzack (W. A.)
Spear Jackson

HOTELS (1)
Trust Houses Forte

INDUSTRIALS (3)
A.G.B. Research — Randall (J. L.)
Compton Webb

PAPER (2)
Associated Paper — British Printing

TEXTILES (3)
Carpets Intnl. — Homfray
Dixon (D.)

TRUSTS (2)
New Throgmtn. Wrts. Lamont

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	25	0	36
Corpns., Dom. and Foreign Bonds	17	1	46
Industrials	240	292	1,191
Financial and Prop.	131	73	364
Oils	13	3	21
Plantation	8	2	36
Mines	80	12	55
Recent Issues	9	7	45
Totals	523	390	1,797

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	19	395	−4	411	334
GKN	£1	13	326	−10	360	266
Selectn. Tst. 'New'	Nil/pd.	10	67*	−18	92*	66*
Shell Transport	25p	10	440	—	444	378
Barclays Bank	£1	9	302	+4	330	272
P. & O. Defd.	£1	9	107	+3	110	87
Beecham	25p	8	308	+1	372	339
Lloyds Bank	£1	8	242	+4	268	210
RTZ	25p	8	233	+4	239	178
Bowring (C. T.) 'New'	Nil/pd.	7	15*	+½	17*	8*
"Bats"	25p	7	395	−3	410	342
Distillers	50p	7	132½	−1½	158	142
Dunlop	50p	7	91	−2	98	80
Glaxo	50p	7	408	+3	422	357
Glynwed 'New'	Nil/pd.	7	24½*	—	26½*	23*

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

* Premium.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1976 high	1976 low
ICI	£1	83	395	−8	411	334
Shell Transport	25p	70	440	—	444	378
Barclays Bank	£1	55	302	+14	330	272
BP	£1	53	678	+16	678	575
Selectn. Tst. 'New'	Nil/pd.	53	67*	−21	92*	66*
"Bats."	25p	52	395	—	410	342
Glynwed 'New'	Nil/pd.	52	24½*	−1½	28½*	23*
GKN	£1	50	326	−17	360	266
Burmah Oil	£1	48	38	+3	53	31
Distillers	50p	46	132½	−1	158	142
Bowring (C. T.) 'New'	Nil/pd.	45	15*	—	17*	8*
P. & O. Defd.	£1	45	107	+12	110	87
Aust. & NZ Bank	£1	42	473	+18	480	380
Marks & Spencer	25p	42	99	+2	108	88
Grd. Metropolitan	50p	40	70½	+1½	88	67½

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 28	May 10	July 22	Aug. 3
May 11	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1

"Calls" were dealt in Bridgend, Evans of Leeds, Serck, ICI, Charterhall Finance and Town and City. No "puts" were reported, but "doubles" were arranged in Rio Tinto-Zinc, Hestair, Dunlop, General Electric and Charterhall Finance.

Industrials		Guardian	[illegible]	Spillers	[illegible]	[illegible]	[illegible]
		G.K.N.	22	Tesco	6	Ultramar	50
A. P. Cement	15	Hawker Sidd.	55	Thorn "A"	20		
Assoc. Leisure	5	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	21	Unilever	40	Anglo Amer.	50
Beecham	25	"Imps"	7	Utd. Drapery	10	Char. Cons.	16
Boots Drug	12	I.C.L.	14	Vickers	14	Charterhall Fin.	5
Bowaters	16	Inveresk	7	Williams Hudson	[illegible]	Cons. Gold	16
B.A.T.	30	Legal & General	[illegible]	Woolworths	6	De Beers Def.	55
British Leyland	7	Ladbroke	11			F. S. Geduld	550
BOC Int.	5½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lots"	4	Brit. Land	4½	Hampton Areas	12
Cadburys	5	"Mams"	5	Cap. Counties	5½	Hampton Prop.	[illegible]
Courtaulds	11	Marks & Spencer	10	E.P.	8	[illegible]	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	12
Distillers	13	Nat. West Bank	20	Land Securities	[illegible]	Lorraine	55
Dunlop	7½	"Ibc" Warrants	6½	MEPC	10	Poseidon	55
Eagle Star	15	P & O Dfd.	11	Peachey	5½	Pres. Steyn	200
E.M.I.	17	Plessey	8	Town & City	5½	Rio T. Zinc	17
Gen. Accident	16	R.H.M.	5	Town & Comm.	4	Welkom	55
Gen. Electric	13	Rank Org. 'A'	18			West Areas	40
Glaxo	35	Reed Int'l	25	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
"G.U.S. A"	17	Slater Walker	3½	Burmah Oil	7		

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	11½	½-year	1,000	3-5
Greenwich (01-854 8888)	11½	½-year	1,000	4-7
Haringey (01-889 3131)	12	½-year	1,000	4-5
Haringey (01-889 3131)	12½	½-year	10,000	4-5
Liverpool (051 227 3011)	12½	½-year	500	5-7
Liverpool (051 227 3911)	11½	½-year	500	3-4
Reading (0734 55911)	11¾	½-year	1,000	3-4
Redbridge (01-478 3020)	11¾	½-year	1,000	5-7
Redditch (0527 67691)	11¾	½-year	1,000	4-6
Sandwell (021 569 2226)	11½	½-year	1,000	3-5
Sefton (051 922 4040)	11½	½-year	2,000	2-3
Southend (0702 49451)	11½	½-year	250	2-4
Wandsworth (01-874 6464)	12½	½-year	5,000	5-7
Wandsworth (01-874 6464)	12	½-year	1,000	5-7
Wrekin (0952 505051)	11¾	½-year	2,000	3

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Subp'n Shares	Variable Term Shares
Abbey National	6.25%	6.50%	7.75%	●7.00%
Alliance	6.25%	6.50%	7.75%	‡‡7.25%
Anglia	6.25%	6.50%	7.75%	‖7.25%
Birmingham Incorporated	6.25%	6.50%	7.75%	—
Bradford and Bingley	6.75%	7.00%	§8.25%	§7.75%
Bristol and West	6.25%	6.50%	7.50%	—
Bristol Economic	6.25%	6.50%	8.00%	†6.75%
Britannia	6.75%	7.00%	8.25%	¶¶7.75%
Cardiff	6.75%	7.50%	8.50%	—
Catholic	6.25%	■7.40%	7.80%	—
Chelsea	6.75%	7.00%	8.00%	†7.25%
Cheltenham and Gloucester	6.25%	6.50%	—	‡7.25%
Citizens Regency	6.75%	7.25%	8.75%	—
City of London	7.00%	7.25%	8.25%	—
City and Metropolitan	6.25%	6.75%	7.00%	¶7.50%
Coventry Economic	6.25%	6.50%	8.25%	§§7.25%
Derbyshire	6.25%	6.50%	7.75%	□6.90%
Gateway	6.25%	6.50%	7.75%	¶7.25%
Greenwich	6.00%	7.10%	8.50%	—
Guardian	6.75%	7.25%	7.50%	*7.80%
Halifax	6.25%	6.50%	7.75%	¶7.25%
Hastings and Thanet	6.75%	7.00%	8.25%	—
Hearts of Oak & Enfield	6.25%	6.70%	8.00%	—
Hendon	7.00%	7.30%	—	*7.50%
Leamington Spa	6.37%	6.63%	8.83%	7.00%
Leeds and Holbeck	6.25%	6.50%	8.25%	—
Leeds Permanent	6.75%	7.00%	8.25%	—
Leicester	6.25%	6.50%	7.75%	††7.25%
Liverpool	6.25%	6.50%	7.80%	*7.00%
Magnet & Planet	6.75%	7.00%	7.75%	♡7.75%
Mornington Permanent	6.45%	7.65%	—	—
National Counties	7.00%	7.25%	8.25%	◇7.75%
Nationwide	6.25%	6.50%	7.00%	$7.75%
Newcastle Permanent	6.75%	**7.00%	7.75%	8.00%
North London	7.50%	8.00%	—	$8.50%
Northern Rock	6.75%	7.00%	8.00%	‡8.00%
Norwich	6.25%	6.50%	8.00%	—
Paisley	6.75%	7.00%	7.50%	¶¶7.50%
Property Owners	6.75%	7.50%	8.50%	†7.85%
Provincial	6.75%	7.00%	8.25%	7.75%
Skipton	6.25%	6.50%	7.75%	‡‡7.25%
Sussex Mutual	6.50%	◇6.75%	—	—
Town and Country	6.50%	7.00%	10.00%	¶¶7.75%
Woolwich Equitable	6.25%	6.50%	7.75%	¶7.25%

* Minimum £2,000 6 mths. notice. † 3 mths. ‡ 3 yrs. § 3 yrs. including bonus. ¶ Min. £500 2 yrs. fixed. ‖ 4th issue 2 yrs. ● Min. £3,000 over 2 yrs. 7.75% over £5,250. ** 7.50% over £5,000. †† 2-3 yrs. ‡‡ 2 yrs. §§ 7.00% 3 mths. notice after 9 mths. ¶¶ 2 yrs. £1,000 min. ♡ Min. £100 2 yrs. fixed. ◇ Min. £1,000 6 mths. notice. $ 4 yrs. over £5,000. ◇ £5,000 and over 7.00%. * Min. £1,000 3 mths. notice. □ Min. £5,000 3 mths. notice. ■ 7.65% over £5,000.

$ 2 yrs. £500-£10,000.

U.K. CONVERTIBLE STOCKS 7/5/76

Statistics provided by *data STREAM International*

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.♡	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	12.00	65.00	100.0	76-80	14.6	15.2						
Associated Paper 9½pc Cv. 85-90	1.40	79.00	200.0	76-85	12.5	13.3	12.9	0 to 14	40.4	49.1	−0.5	−13.3
Bank of Ireland 10pc Cv. 91-96	10.25	132.00	35.7	77-90	7.6	8.7	15.5	6 to 18	56.7	60.2	3.0	−12.5
BPB 7½pc Cv. 89-94	4.89	99.00	62.0	73-80	7.9	7.9	3.0	−2 to 13	21.9	23.3	1.4	−1.6
English Property 6½pc Cv. 98-03	8.84	98.00	234.0	76-80	6.6	6.7	2.1	−10 to 10	26.9	17.4	−9.9	−12.0
English Property 12pc Cv. 00-05	13.40	97.00	150.0	76-84	12.4	12.4	57.7	13 to 77	29.2	54.0	40.2	−17.5
Grand Metropolitan 10pc Cv. 91-96	123.99	91.00	120.2	73-78	11.1	11.3	6.6	−5 to 13	11.5	13.3	2.0	−4.6
Hanson Trust 6½pc Cv. 88-93	4.51	90.00	57.1	76-86	7.2	7.6	10.1	−35 to 20	31.3	33.5	2.8	−7.4
Hewden-Stuart 7pc Cv. 1995	0.72	140.00	280.0	75-95	5.1	4.1	16.3	7 to 29	57.5	46.7	−9.0	−25.3
Lyons, J. 7½pc Cv. 1981	3.80	75.00	22.7	75-81	9.8	14.4	205.6	146 to 206	12.0	25.6	55.6	−149.9
Slough Estates 10pc Cv. 87-90	5.50	138.00	125.0	78-87	7.2	5.3	33.0	21 to 35	24.1	52.1	27.0	−6.0
Tozer, Kemsley 8pc Cv. 1981	7.33	100.00	153.8	74-79	8.0	8.0	10.2	−1 to 29	13.2	19.0	6.4	−3.8
Wilkinson Match 10pc 83-98	11.10	87.00	40.0	76-83	12.0	12.1	44.9	36 to 50	23.4	47.1	39.3	−4.7

* Number of Ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on Ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 5 per cent. per annum and is present valued at 15 per cent. per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 15 per cent. per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent. of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent. of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Equities easier as ICI fund-raising rumours persist

Index down 2.6 at 415.2—Gilts up again—GKN weak

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 20	Apr. 29	Apr. 30	May 11
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading Industrial shares continued to drift lower yesterday, underlying sentiment again being unsettled by persistent rumours of a "rights" issue from ICI, down 4 at 395p for a loss on the week of 8. In contrast, British Funds put on another good performance with fresh gains extending to ½ in long-dated stocks, while, apart from some exceptional rises in the low-coupon issues, gains in the shorts ranged to ⅛. The Government Securities index rose 0.25 to 65.07, making a rise of 0.97 since the announcement of the agreed TUC Government wages deal was announced last Wednesday.

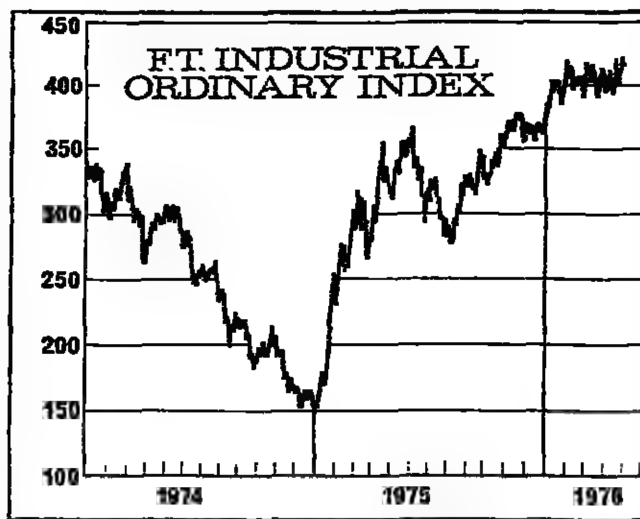
Once again the equity leaders failed to hold initial small gains, with prices drifting lower after the first hour of trading. Up 1.2 at 10 a.m., the FT 30-share index reacted to close 2.6 down on balance at 415.2 for a modest loss of 2.9 on the week. As on the two previous days, selling was very light, the fall mainly reflecting the absence of support. The day's fall in the index was accentuated to a certain extent by a reaction of 19 to 326p in GKN on fears about the outcome of the company's bid for the German car component makers, Sachs.

There were a few good features in second-line equities, but overall it was rather quiet and movements were mixed. Falls had the edge over rises by 6-5 in FT-quoted Industrials. The FT-Actuaries All-Share index recorded a modest loss of 0.2 per cent. to 170.75, but over the week showed a rise of 0.80 per cent. The week's average daily markings were 5,621.

Yield considerations as measured against the projected rate of inflation in the U.K. by the end of next year promoted a further sizeable interest for British Funds. A major difference, when compared with the previous day's business, was increased demand for the shorts which, despite sterling's sluggishness, made several outstanding gains although these were confined to low-coupons issues, two of which will be quoted clean on Monday. Such was the buying of the long "tap," Treasury 12¼ per cent., 1993, "A," the Government broker twice raised his price for supplies and was operational still at 96½, after having withdrawn earlier at 96⅛. This stock and other high-coupon longs were finally ½ higher on the day, after ⅝, while the short "tap," Treasury 9¾ per cent., 1981, was ⅛ better at 95⅞, after 95⅝, the latter being only slightly below the level at which the Government broker was last operational.

The trend in sterling for once had little impact on the investment currency market and in extremely quiet trading conditions the premium drifted 1¼ points lower to 123½ per cent. Yesterday's SE conversion factor was 0.6384 (0.6351).

Lloyd's Brokers were in firm fettle, although business was rather thin. C. E. Heath were quoted ex "rights" at 413p, up 16 more, making an effective advance on the week of 56 on the sharply higher profits and indicated jump in dividend which accompanied the "rights" news; the new nil-paid moved ahead from an opening of 96p premium to close at 112p premium. Alexander Howden appreciated 7 to 170p and Matthews Wrightson 10 to 224p. Insurances were left in the background, ending hardly changed after further slack trading. Following completion of the enfranchisement, Refuge Assurance 5p Ordinary closed unaltered at 114p.



Small demand in a thin market left gains of about 4 in the Home Banks. National and Commercial Banking, still benefiting from the half-time advance in profits, added another 2 at 78p, but Bank of Ireland, in further reflection of the "rights" offer, shed 5 more to 310p for a three-day loss of 20. Overseas issues had Standard Chartered 7 higher at 435p, while Guinness Peat improved 7 to 206p in Merchant Banks. Investment comment stimulated interest in Discount Houses; Gerrard and National moved ahead 12 to 280p.

Leading Breweries were inclined easier, but scattered gains in secondary issues included Greene King, 6 better at 146p, and Boddingtons another 2 higher at 100p, the latter still reflecting the recent proposed "rights" issue and chairman's encouraging statement.

Beaver Group provided a modest feature in Buildings, reacting 5 to 61p on fading bid hopes. Aberdeen Construction contrasted with a rise of 3 to 74p on the increased dividend and higher earnings, while other firm spots took in Heywood Williams and Taylor Woodrow, both of which closed 4 better at 24p and 284p respectively.

ICI were under pressure again from talk of an imminent "rights" issue and reacted to 394p before closing 4 easier on balance at 395p. Elsewhere, Brent Chemicals were popular, the Ordinary rising 4 to 94p and the new nil-paid shares improving 5 to 75p premium. Alginate were also good late, improving 8 to 230p on the chairman's encouraging statement which accompanied the preliminary figures.

Stores easier

Stores drifted lower on small selling and lack of buying interest. Debenhams gave up 3 at 90p, while Marks and Spencer, 99p, UDS, 81p, and House of Fraser, 91p, all closed a penny cheaper. Brown Muff lost 5 to 113p on the sharply reduced dividend and earnings, while Combined English Stores, a firm market of late on the Lonrho deal, reacted 2 to 81p. Mothercare, however, continued firmly, rising 2 more to a 1976 peak of 204p for a rise on the week of 18. In Shoes, Allebone finished a penny easier at 14p on the reduced earnings.

Electrical leaders strayed only slightly from overnight levels. The prospect of a large Brazilian order made little impact on GEC, a penny harder at 164p. Reyrolle Parsons were similarly firmer at 128p, but EMI shed 2 to 256p and Plessey a penny to 78p. Scattered small mixed movements occurred in secondary issues, where R. and A. G. Crossland managed an improvement of 3 at 24p.

Rumours, which began in Germany, that GKN could face problems with the German and EEC authorities regarding the proposed takeover of Sachs made a positive impact on the market late and the price fell to 326p for a loss of 19. Other Engineering leaders were unaffected and narrowly irregular at the close, but trading announcements unsettled some secondary issues. News of the first-half slump brought RCF down 7 to 38p, while comment on the interim results lowered Whessoe 6 to 59p. James Neill, 3 cheaper at 74p, after 72p, were another to fall on lower profits and Spear and Jackson weakened 3 more to 80p on fears that profitability will be affected by pending litigation.

Foods closed easier for choice. J. Sainsbury were 2 off at 137p, but still 23 better on the week following Wednesday's preliminary figures. Associated Biscuit eased 3 to 80p and Associated Dairies lost 4 to 216p. Louis C. Edwards responded to Press comment with a rise of a penny to 10½p. Supermarkets had Kwik Save Discount 2 harder at 114p and Hillards 3 better at 90p.

Perak River advance

Another idle day in the miscellaneous Industrial leaders left prices with little alteration. After the previous day's loss of 7 on adverse comment highlighting the cancer risk possibility with asbestos, Turner and Newall staged a small rally to 163p on some reassuring Press mention, but subsequently slipped to 157p for a fresh loss of 3 on the day. Bestobell, on the other hand, down 3 on Thursday for the same reason, ended 5 better at 140p. Elsewhere, Perak River, after having improved afresh to 410p on speculative support, advanced smartly to close a net 57 higher at 440p, after 447p bid, in response to the Government of Malaysia's intention to procure a cash offer of 450p per share. A good demand arose for Dundonian, which rose 9 to a 1976 peak of 52p, while Development Securities, still on speculation over the possible sale of the Dorchester Hotel, improved 15 more to 310p in a thin market. M.K. Refrigeration appreciated 6 to 76p, but Mentmore, reflecting the reduced profits, softened 2 to 13p. Kleeman Industrial held steady at 183p; the price was incorrect in yesterday's issue.

Motors and Distributors spent a quiet session. Dunlop lost 2 more at 91p following Press comment on the preliminary figures, while British Leyland were a penny cheaper at 28p and Lucas 3 easier at 224p. Dutton-Forshaw shaded a penny to 27p following Press comment on the results.

Cautionary Press comment activated selling of Pearson Longman which, in a thin market, reacted 8 to 117p. Newspapers were otherwise unmoved, while Paper/Printings, for the most part, were a shade easier.

BP stride on

Wall Street influences together with fresh demand of a currency hedge nature took British Petroleum up 6 more to 678p, but Shell after improving initially to 444p reverted to the overnight level of 440p. Burmah, a partner in the Halibut consortium which has just abandoned a dry North Sea well, eased further to 37p before closing only lower at 38p, but Tricentrol (another partner) rallied the turn to 62p; the latter will be quoted ex the "rights" issue on Monday.

Property leaders made a steadier showing after Thursday's reaction, with Land Securities, 158p, and MEPC, 68p, after 69p, both a penny harder. Elsewhere, Corn Exchange, on further support in a restricted market, moved ahead 7 to 127p, while Peachey Property, helped by the chairman's encouraging statement with the full report, put on 1½ to 29½p. The "after-hours" results left Rush and Tompkins 2 firmer at 32p, while Berkeley Hambro ended 2 harder at 136p to leave an advance on the week of 21 on the sale of its leasehold interest in 99.

Overseas Traders closed on an irregular note. Jamaica Sugar featured with an advance of 7 to 21p on a good demand aroused by Press comment. Sena Sugar hardened a penny to 8½p, but Ocean Wilsons, after the previous day's rise of 17 on speculation over Inchcape's recently acquired 15 per cent. stake, reacted 6 to 136p.

Akroyd and Smithers featured in otherwise little-changed Trusts and Financials, improving 8 to 210p; the interim statement is expected May 17. Overseas issues made headway with Japanese concerns well to the fore. Nippon Fund were raised 20 to a 1976 peak of 180p, while G. T. Japan, and Crescent Japan both closed 4 better at the common price of 116p.

P. & O. Deferred continued firmly in Shippings, rising in the course of a moderate turnover to close 3 better at 107p for a gain on the week of 12.

No decided trend was apparent in Textiles where British Cotton Wool Dyers' improved 1½ to 21½p, but S. Lyles lost 2 to 46p. Jerome Holdings, at 49p, regained Thursday's fall of 3, but David Dixon were lowered 4 to 28p.

MARKETS—Y

British Indian Tea, 120p, lost 30 of the previous day's gain of 30 following an adjustment of basis of a negotiable market. Rubbers showed renewed firmness, with Consolidated Plantations 2 higher at 68p.

Golds rally

The announcement of the terms of the International Monetary Fund gold auction put bullion higher in overnight U.S. markets and the subsequent gain in the metal price here was reflected in South African Gold shares.

After opening steadily, they began to move ahead following the rise in the metal price and Cape interest and continued to improve in the afternoon helped by further U.S. demand in a market short of stock. The Gold Mines index put on 5.4 to 184 although it was still 3.9 lower over the week. Bullion was finally $1.125 up at $128.125 but still $7.5 down on the week.

In the heavyweight issues, Randfontein regained most of Thursday's sharp fall, being £1¼ to the good at £17, while Hartebeest advanced a point to £15¼.

South African-based Financials were generally firmer in quiet trading. Selection Trust fell 20 to 470p "ex-rights" after 460p, and the "new" shares dropped 18 to 67p premium.

Tins closed showing substantial gains following the continued strength of the metal price. Ayer Hitam, which reported a record monthly tin output on Thursday, rose 12 to a year's high of 240p while Tronoh put on 5 to 97p. Australians, however, drifted in line with the premium and the dullness of overnight home markets.

FINANCIAL TIMES STOCK INDICES

	May 7	May 6	May 5	May 4	May 3	April 30	A year ago
Government Secs.	65.07	64.82	62.47	62.10	62.12	62.16	57.73
Fixed Interest	62.84	62.51	61.90	61.65	61.70	61.75	57.24
Industrial Ordinary	415.2	417.8	420.6	419.3	418.1	418.1	331.1
Gold Mines	184.0	178.6	186.2	187.5	189.7	187.6	175.1
Ord. Div. Yield	5.09	5.05	5.02	5.02	5.03	5.04	6.24
Earnings Yld. % (full)	14.65	14.56	14.76	14.76	14.77	14.80	19.23
P/E Ratio (net) (a)	9.99	10.19	9.97	9.97	9.95	9.93	7.69
Dealings marked	4,695	5,702	5,471	5,485	5,764	5,808	7,600
Equity turnover £m.	—	66.73	86.27	65.28	76.86	70.15	66.50
Equity bargains total	—	14,206	14,744	14,260	16,269	15,614	18,119

10 a.m. 415.5. 11 a.m. 415.2. Noon 415.4. 1 p.m. 415.9. 2 p.m. 415.3. 3 p.m. [illegible]

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.93.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	381.6 (5/1/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 7	May 6
Daily—		
Gilt-Edged	119.1	144.9
Industrials	165.8	202.3
Speculative	60.3	60.6
Totals	106.8	129.8
5-day Av'r'ge—		
Gilt-Edged	143.6	146.7
Industrials	195.6	196.4
Speculative	60.0	59.2
Totals	[illegible]	150.0

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section.

	Equity groups	Fri. May 7 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (ACT at 35%) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (Net) Corp. Tax 52%	Est. P/E Ratio (Nil)	Thurs. May 6 Index No.	Wed. May 5 Index No.	Tuesday May 4 Index No.	Monday May 3 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	156.28	-0.4	14.62	5.57	10.83	10.42	156.94	156.85	155.56	160.01	120.25	[illegible]	[illegible]	[illegible]	50.71
2	Building Materials (30)	144.90	-0.6	15.50	6.80	12.13	12.13	145.76	148.74	145.57	146.64	108.30	[illegible]	[illegible]	[illegible]	44.27
3	Contracting, Construction (23)	221.18	-0.2	16.20	4.76	9.99	9.90	221.57	222.62	224.60	225.93	235.92	[illegible]	[illegible]	[illegible]	71.48
4	Electricals (16)	280.45	-0.1	14.62	4.42	10.10	9.90	280.60	278.97	276.15	284.16	206.11	[illegible]	[illegible]	[illegible]	86.71
5	Engineering (Heavy) (13)	190.88	-0.4	16.97	6.21	8.25	8.25	191.35	191.54	191.18	193.18	142.65	[illegible]	[illegible]	[illegible]	64.43
6	Engineering (General) (63)	147.84	-0.7	14.48	5.91	10.39	10.39	148.96	149.06	148.73	149.29	105.23	[illegible]	[illegible]	[illegible]	45.14
7	Machine and Other Tools (9)	59.25	-1.4	13.64	6.76	12.96	12.96	60.13	60.32	60.43	60.62	48.06	[illegible]	[illegible]	[illegible]	19.96
8	Miscellaneous (25)	141.35	-0.2	13.56	5.99	11.50	11.50	141.06	140.99	140.06	140.56	108.75	[illegible]	[illegible]	[illegible]	49.65
9	CONSUMER GOODS (DURABLE) (53)	138.44	-0.2	14.66	4.72	10.30	10.18	138.58	138.53	138.77	139.95	84.26	[illegible]	[illegible]	[illegible]	38.39
10	Lt. Electronics, Radio TV (15)	158.02	—	12.80	3.47	11.47	11.46	158.01	158.56	158.69	157.07	98.47	[illegible]	[illegible]	[illegible]	42.85
11	Household Goods (13)	182.93	-0.5	16.93	6.26	8.98	8.96	182.93	184.44	185.88	181.92	134.98	[illegible]	[illegible]	[illegible]	63.92
12	Motors and Distributors (25)	84.01	-0.6	16.78	6.32	9.01	8.97	84.48	84.62	84.08	85.16	47.34	[illegible]	[illegible]	[illegible]	19.91
13	CONSUMER GOODS (NON-DURABLE) (168)	157.41	-0.5	13.59	5.71	11.08	10.99	158.71	158.76	157.12	158.54	135.48	[illegible]	[illegible]	[illegible]	61.41
14	Breweries (15)	161.26	-1.0	13.97	6.73	10.74	10.74	162.94	163.06	160.87	161.42	148.75	[illegible]	[illegible]	[illegible]	69.47
15	Wines and Spirits (7)	185.18	-1.7	10.16	5.46	14.98	14.98	188.46	190.67	190.07	190.05	151.54	[illegible]	[illegible]	[illegible]	78.81
16	Entertainment, Catering (14)	188.03	-0.6	12.76	7.02	12.04	11.95	189.07	188.46	187.69	190.58	145.05	[illegible]	[illegible]	[illegible]	54.87
17	Food Manufacturing (22)	178.45	-0.4	14.35	4.84	10.56	10.57	179.26	178.41	177.19	178.34	144.99	[illegible]	[illegible]	[illegible]	59.78
18	Food Retailing (16)	153.55	-1.1	11.49	4.91	12.66	12.66	155.08	142.56	156.34	156.26	137.40	[illegible]	[illegible]	[illegible]	54.25
19	Newspapers, Publishing (16)	176.60	—	11.67	5.84	13.13	13.13	176.60	176.54	176.60	176.05	127.76	[illegible]	[illegible]	[illegible]	55.08
20	Packaging and Paper (12)	110.98	-0.5	16.11	7.05	9.47	9.47	111.68	111.70	110.50	111.21	86.35	[illegible]	[illegible]	[illegible]	45.45
21	Stores (34)	128.13	-1.1	11.71	5.35	13.16	13.14	129.61	129.59	127.56	129.62	124.74	[illegible]	[illegible]	[illegible]	52.63
22	Textiles (23)	172.38	-0.4	12.53	6.36	10.54	9.96	174.08	174.56	171.92	174.16	120.93	[illegible]	[illegible]	[illegible]	62.66
23	Tobaccos (3)	235.50	-0.7	18.51	5.02	8.24	8.24	237.20	240.76	240.00	241.69	182.68	[illegible]	[illegible]	[illegible]	94.54
24	Toys and Games (6)	78.43	-0.4	17.39	6.03	8.01	8.01	78.10	77.99	77.64	76.49	41.47	[illegible]	[illegible]	[illegible]	20.92
25	OTHER GROUPS (96)															
26	Chemicals (26)	225.67	-0.5	11.35	4.27	12.45	12.42	227.60	225.41	228.04	231.38	153.63	[illegible]	[illegible]	[illegible]	71.20
27	Office Equipment (9)	98.10	-0.3	12.99	5.51	11.72	11.72	97.81	97.89	97.65	98.50	93.04	[illegible]	[illegible]	[illegible]	45.34
28	Shipping (12)	403.31	-0.1	13.54	6.39	10.19	9.86	403.81	401.11	397.26	398.58	255.61	[illegible]	[illegible]	[illegible]	90.80
29	Miscellaneous (49)	170.51	-0.5	13.71	6.27	10.73	10.73	171.32	171.61	171.25	172.09	143.44	[illegible]	[illegible]	[illegible]	60.39
30	INDUSTRIAL GROUP (496)	163.66	-0.6	13.50	5.48	11.02	10.95	164.70	164.84	163.87	165.36	131.36	[illegible]	[illegible]	[illegible]	59.01
31	OILS (4)	385.37	-0.5	11.12	4.36	10.40	9.63	385.54	380.75	380.17	377.97	256.00	[illegible]	[illegible]	[illegible]	87.23
32	500 SHARE INDEX	181.96	-0.6	13.12	5.27	10.92	10.71	182.79	182.70	181.75	181.00	141.93	[illegible]	[illegible]	[illegible]	63.49
33	FINANCIAL GROUP (100)	137.85	-0.7	—	5.56	—	—	138.67	137.86	137.64	138.75	118.81	[illegible]	[illegible]	[illegible]	55.88
34	Banks (6)	167.82	-1.9	18.21	6.04	5.45	5.45	168.41	165.67	165.94	166.21	130.77	[illegible]	[illegible]	[illegible]	62.44
35	Discount Houses (10)	164.85	-1.6	—	7.54	—	—	162.12	162.64	162.43	157.09	108.09	[illegible]	[illegible]	[illegible]	81.40
36	Hire Purchase (5)	114.04	+1.8	—	5.50	—	—	112.53	112.97	113.17	114.04	110.35	[illegible]	[illegible]	[illegible]	38.83
37	Insurance (Life) (9)	117.20	-0.3	—	6.09	—	—	117.84	119.81	118.45	120.86	112.51	[illegible]	[illegible]	[illegible]	44.88
38	Insurance (Composite) (7)	109.08	-0.5	—	6.45	—	—	108.65	110.17	110.39	111.94	110.89	[illegible]	[illegible]	[illegible]	43.96
39	Insurance Brokers (9)	272.63	-2.1	8.61	4.06	17.36	17.36	267.03	266.35	252.81	266.51	187.37	[illegible]	[illegible]	[illegible]	[illegible]
40	Merchant Banks (17)	81.78	—	—	6.77	—	—	81.72	81.29	81.27	81.56	84.76	[illegible]	[illegible]	[illegible]	[illegible]
41	Property (31)	160.11	-0.2	3.37	3.14	54.38	55.19	158.74	162.74	162.35	165.44	273.48	[illegible]	[illegible]	[illegible]	[illegible]
42	Miscellaneous (8)	81.86	-0.6	16.01	6.86	8.78	8.78	80.93	80.93	80.80	81.67	69.23	[illegible]	[illegible]	[illegible]	[illegible]
43	Investment Trusts (50)	170.03	-0.1	3.05	4.87	34.80	34.18	169.83	168.42	167.67	168.51	167.01	[illegible]	[illegible]	[illegible]	[illegible]
44	ALL-SHARE INDEX (650)	170.75	-0.2	—	5.23	—	—	171.14	171.25	170.48	172.66	141.74	[illegible]	[illegible]	[illegible]	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
45	Rubbers (9)	523.40	-0.1	11.38	5.46	15.24	15.06	523.02	521.16	517.65	516.82	506.19	[illegible]	[illegible]	[illegible]	84.68
46	Teas (8)	158.82	—	30.55	8.54	6.47	4.32	158.82	158.82	140.20	140.44	88.75	[illegible]	[illegible]	[illegible]	59.72
47	Coppers (3)	243.52	-0.8	40.25	7.00	2.48	2.48	243.54	244.05	248.60	250.51	451.33	[illegible]	[illegible]	[illegible]	[illegible]
48	Mining Finance (11)	116.54	—	8.96	4.51	12.51	12.42	116.53	116.99	115.13	114.89	129.45	[illegible]	[illegible]	[illegible]	[illegible]
49	Tins (8)	133.55	-4.5	10.68	7.77	13.64	12.95	108.68	107.70	107.69	107.30	99.21	[illegible]	[illegible]	[illegible]	[illegible]
50	Overseas Traders (13)	251.59	-0.2	15.51	4.10	8.68	9.85	252.17	251.93	251.17	254.47	251.20	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	Fixed interest	Friday May 7 Index No.	Yield %	Thurs. May 6	Wed. May 5	Tuesday May 4	Monday May 3	Friday April 30	Thurs. April 29	Wed. April 28	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.59	13.88	13.49	13.86	13.85	13.85	13.83	13.92	15.25	[illegible]	[illegible]	[illegible]
2	20-yr. Govt. Stocks (5)	50.89	†12.60	50.82	50.17	49.84	49.86	49.86	49.62	46.36	53.45	47.56	115.42	68.77
3	20-yr. Red. Deb. & Loans (15)	51.09	†14.94	50.52	50.32	50.37	50.00	50.04	50.04	49.56	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	48.62	16.28	48.81	48.48	48.48	48.19	48.27	45.05	42.20	51.25	46.50	114.41	34.45
5	Coml. and Indl. Prefs. (20)	67.67	14.10	66.72	66.57	65.87	65.40	65.65	65.20	58.51	71.97	62.67	114.96	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31.12.74	100.00	Miscellaneous Financial	31.12.70	128.06
Engineering (Heavy)	31.12.71	153.84	Food Manufacturing	29.12.67	114.13
Engineering (General)	31.12.71	153.84	Food Retailing	29.12.67	114.13
Wines and Spirits	10.1.70	128.06	Insurance Brokers	29.12.67	96.67
Toys and Games	16.1.70	135.72	Mining Finance	29.12.67	100.00
Office Equipment	16.1.70	[illegible]	All Other	10.4.62	100.00
Industrial Group	31.12.70	128.20			

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p. * Corrections.

MONEY + EXCHANGES

Bill rate eases

Bank of England Minimum Lending rate 10½ per cent. (since April 23, 1976)

The Treasury bill rate fell by 0.0231 per cent. to 9.9201 per cent. at yesterday's tender and Bank of England Minimum Lending Rate was unchanged at 10½ per cent. The minimum accepted bid was £97.52, compared with £97.51½ previously, and bids at that level were met as to about 56 per cent. The £600m. bills offered and allotted attracted bids of £1,224.25m. and all bills offered were allotted. Next week £450m. will be on offer, replacing maturities of £350m.

Day-to-day credit was in short supply in the London money market and the authorities gave assistance by buying a large amount of Treasury bills from the discount houses. Banks carried forward run-down balances, settlement was made of very large sales of gilt-edged, the authorities held maturing local authority bills, and the market was also faced with an increase in the note circulation and a net take-up of Treasury bills.

Discount houses paid about 10 per cent. for secured call loans in the early part and closing balances were taken at 9¾-10¼ per cent.

Short-term fixed period interest rates were slightly higher in places.

Rates in the table below are nominal in some cases.

May 7 1976	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ◆	Bank Bills ◆	Fine trade Bills ◆
Overnight	—	9⅞-10¼	—	—	—	10¼	9-10¼	—	—	—
2 days notice	—	—	9¾-9⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	9⅞-10⅛	9⅞-10	—	—	—	9¾-10¼	—	—	—
One month	10-9⅞	9¾-10	9⅞-10	10¼-9¾	9⅞-10⅛	—	[illegible]	[illegible]	[illegible]	10¾-10⅝
Two months	10-9⅞	[illegible]	—	10¼-9¾	10-10⅛	—	[illegible]	[illegible]	[illegible]	10¾-10½
Three months	10-9⅞	10-10⅛	9⅞-10	10¼-9¾	10¼-10¾	—	[illegible]	[illegible]	[illegible]	10¾-10⅝
Six months	10-9⅞	[illegible]	10-10⅛	10¼-9¾	10¼-10¾	—	—	—	[illegible]	11
Nine months	10¼-10⅛	[illegible]	—	10½-10	10½-11	—	—	—	—	—
One year	[illegible]	[illegible]	10⅞-10¾	10¾-10½	11¼	—	—	—	—	—
Two years	—	—	11⅛	—	—	—	—	—	—	—

* Local authority and finance houses seven days' notice, others seven days' fixed. • Longer-term local authority mortgage rate nominally three years 12½-12¾ per cent.; four years 12¾-13 per cent.; five years [illegible] per cent. ◆ Bank bill rates in table are buying rates for prime paper: buying rates for four-month bank bills [illegible] per cent.; four-month trade bills 11-10¾ per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-months [illegible] and three months [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two months [illegible] and three months 9¾ per cent.; for one-month trade bills 10½-10¼ per cent.; two-months [illegible] and three-month 10⅝-10½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9 per cent. from April 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 5½ per cent. Clearing Bank Base Rate for lending 9½ per cent. Treasury Bill Average tender rate of discount 9.9201 per cent.

EXCHANGES AND BULLION

Sterling closed unchanged against the U.S. dollar, at $1.8230-$1.8240 after a very quiet day. The pound opened at $1.8275-1.8285, and was around $1.8230-1.8250 for the most part. Late demand for the dollar pushed the rate down to $1.8215-1.8225 in very thin trading, but some improvement was seen at the close. Sterling's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 37.7 per cent. from 37.8 per cent. [illegible] stood at 37.7 per cent. at noon and 37.8 per cent. in early dealings.

The dollar's trade-weighted average depreciation, as calculated by Morgan Guaranty of New York on noon rates, widened to 1.96 per cent. from 1.93 per cent.

The Italian lira continued to improve, following the recent regulations on foreign currency dealings and import controls, closing at L857½ against the dollar compared with L879 previously. It was reported that the Bank of Italy has purchased dollars over the last two days to increase the country's holdings of foreign currency and also to allow the lira's advance. The Swiss franc lost ground to Sw.Frs.2.4770 in terms of the dollar, from Sw.Frs.[illegible] on Thursday.

Gold gained $1 to $127¾-128¼ in quiet trading, with the rise reflecting the strength of the New York market on the previous evening.

EXCHANGE CROSS-RATES

May 7	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N. York	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]
London	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

U.S. $ in Montreal, U.S. $ = 97.95-98.00 Canadian cents.
Canadian $ in New York = [illegible] cents. U.S. $ in Milan 864.0-866.0.
Sterling in Milan 1570.0-1580.0.

EURO-CURRENCY INTEREST RATES*

May 7 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	W. German mark	French franc
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: two-day [illegible] per cent.; seven-day [illegible] per cent.; one-month [illegible] per cent.; three-month [illegible] per cent.; six-month [illegible] per cent. Long-term Eurodollar deposits: two years [illegible] per cent.; three years [illegible] per cent. [illegible] The following nominal rates were quoted for London dollar certificates of deposit: [illegible]

* Rates are nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day notice for guilders and Swiss francs.

FOREIGN EXCHANGES

May 7 1976	Bank rate %	Day's spread	Close
New York	5½	1.8215-1.8285	1.8230-1.8240
Montreal	[illegible]	[illegible]	1.7880-1.7890
Amsterdam	[illegible]	[illegible]	4.80-4.81
Brussels	[illegible]	[illegible]	70.75-70.85
Copenhagen	[illegible]	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]	[illegible]
Madrid	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]

Rates given are for convertible francs. Financial franc [illegible].

OTHER MARKETS

[illegible]

GOLD MARKET

	May 7	May 6
Gold Bullion (a fine ounce)		
Close	$127¾-128¼	$126¾-127¼
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward U.S. dollar [illegible] c. pm. and 12-month [illegible] c. pm.

SPECIAL DRAWING RIGHT RATES

	May 7	May 6
Sterling	0.631571	0.632898
U.S. dollar	1.15167	1.15106
Canadian dollar	[illegible]	[illegible]
Belgian franc	44.7183	44.6983
Danish kroner	[illegible]	[illegible]
Deutsche mark	2.91425	2.91435
Dutch guilder	[illegible]	[illegible]
French franc	5.38377	5.38063
Italian lira	[illegible]	[illegible]
Japanese yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Spanish peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

BASE LENDING RATES

Allied Irish Banks Ltd.	9½%
American Express Bank	9½%
Anglo-Portuguese Bank	9½%
Henry Ansbacher	10 %
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	10 %
Bank of N.S.W.	9½%
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	10 %
Bremar Holdings Ltd.	10 %
Brit. Bank of Mid. East	9½%
■ Brown Shipley	9½%
Canada Permanent AFI	9½%
Cayzer, Bowater Co. Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
C. E. Coates	10½%
Consolidated Credits	11 %
Co-operative Bank *	9½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11 %
Duncan Lawrie	9½%
English Transcont.	11 %
First London Secs.	9½%
■ Antony Gibbs	9½%
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank ‡	9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel §	9½%
C. Hoare & Co. †	9½%
Julian S. Hodge	10½%
Hongkong & Shanghai	9½%
Industrial Bank of Scot.	9½%
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9½%
London & European	11 %
London Mercantile	10½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
National Westminster	9½%
Northern Comm. Trust	10 %
Norwich General Trust	10 %
Portman Guaranty	9½%
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Schlesinger Limited	10½%
E. S. Schwab	11 %
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard Chartered	9½%
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Whiteaway Laidlaw	10 %
Williams & Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 5½%, 1-month deposits 5¾%.
† 7-day deposits on sums of £10,000 and under 5½%, up to £25,000 6¼% and over £25,000 6¾%.
§ Demand deposit 7%.
‡ Call deposits over £1,000 5½%.

CORAL INDEX
Close 412-417

I. G. INDEX—01-351 3466
GOLD 127-130

INSURANCE BASE RATES

† Atlantic Assurance	10½%
Cannon Assurance	8½%

† Address shown under Insurance and Property Bond table.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London, Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	92⅞	Treasury 6½pc 1976‡‡	99⅛	......	6.56	9.90
98⅝	98⅛	Victory 4pc 1976‡‡	98⅝	......	4.04	—
101½	99⅞	Treasury 10½pc 1976‡‡	100¼	–⅛	10.47	9.94
98⅞	95⅞	Treasury 6¼pc 1977‡‡	97⅞	......	6.43	9.79
97¼	94½	Electric 3pc 74-77	95¾	+¼	3.13	8.27
103⅞	92⅞	Treasury 11½pc '77‡‡	101⅝	......	11.32	10.13
94¼	91⅞	Treasury 3pc '77‡‡	94¼xd	+⅛	3.18	7.05
93¾	92¼	Transport 4pc '72-77	93¾	–½	4.27	8.19
99⅞	95½	Treasury 9pc 1978‡‡	97⅞	......	9.22	10.37
101½	98⅞	Treasury 10½pc '78‡‡	100	+⅛	10.50	10.48
93⅛	89⅝	Exchequer 5pc '76-78‡‡	91¾	+½	5.45	8.91
103⅞	100¼	Treasury 11½pc '79‡‡	101⅞	–⅛	11.31	10.76
88⅝	83⅝	Treasury 3pc '79‡‡	87¾	+½	3.42	7.17
89⅛	75⅞	Electric 4¼pc '74-79	88¾	+½	4.79	8.10
100⅞	96⅞	Treasury 10½pc '79‡‡	98⅞xd	+⅞	10.64	10.94
88½	83⅝	Electric 3½pc '76-79	87¾xd	+⅛	3.99	7.57
96⅞	91	Treasury 9pc 1980‡‡	94⅞	+⅞	9.54	10.83
96½	92⅞	Treasury 9½pc '80‡‡	95¼xd	+⅞	9.99	11.08
86	82¾	Treasury 3½pc '77-80	84¾xd	+1¼	4.13	7.93
88¼	71	Funding 5¼pc '78-80‡‡	87¾xd	+1¼	5.98	8.87
103⅞	93	Treasury 11½pc 1981	101⅞	+⅞	11.34	11.07
86	80¼	Treasury 3½pc 1979-81	82¾	+¼	4.23	8.19
95⅝	92	Treasury 9¾pc 1981‡‡	95¼	+⅛	10.24	11.02

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 56¾% (based on $1.8240 per £)

Conversion factor 0.6324 (0.6202)

CANADIANS

S.E. List Premium 56¾% (based on $1.7970 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

For Spirella see Vantona

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25c	525	+5	[illegible]	1.3	[illegible]
£14	785	Buffels R1	£10¾	+⅛	Q180c	1.4	10.3
198	55	Deelkraal R0.20	135	+5	—	—	—
760	330	Doornfontein R1	395	+5	[illegible]	1.4	[illegible]

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
39½	23	Charterhall 5p	27½	+2	—	—	—
965	580	Cons. Murch. 10c	950	−10	Q30c	1.8	5.2
50	28	Lonrasio	50	+6	—	—	—
455	245	Northgate C$1	[illegible]	−3	Q25c	0.3	3.4
239	178	R.T.Z.	[illegible]	+4	5.42	2.1	3.6
112	85	Sabina Inds. C$1	[illegible]	+2	—	—	—
£13⅛	£10	Tara Exptn. $1	[illegible]	......	—	—	—
132	88	Yukon Cons. C$1	132	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◊ Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £225 per annum for each security

FINANCIAL TIMES
Saturday May 8 1976

MAN OF THE WEEK

A victim of the pay codes

BY COLIN JONES

THE SNAPPING POINT for Frank and Rosemary Mc—— arrived long before they heard the news about this week's new pay "deal" between the Government and the TUC. It was last December when Frank first got in touch with the "head hunters" who had been instrumental in bringing him into the Group back in 1969. The prospects were not good, they told him then, but they had since told him about two posts and he'd been shortlisted for the one for which he had applied. At £15,000 a year for the managing directorship of what was still essentially a *family-controlled business*, it had been a bit of a long shot, it is true, and the idea of moving to Sunderland had not gone down too well with Rosemary.

Moving job

What had finally decided Frank into casting around had been Peter B——'s departure, his successor as divisional marketing manager little more than a year earlier. Simply by moving on to much the same kind of job in a much bigger company, he had virtually doubled his income and was now getting almost 50 per cent. more than Frank, his erstwhile boss. Frank had been promoted divisional managing director in September 1974 at a salary, settled a few months later, of £8,500 a year. He is still getting £8,500 to-day. True, that is a third more than when he was marketing manager and over 50 per cent. more when he joined the division as export manager in 1972. Yet, despite two promotions, his net pay had risen by only 41 per cent. in four years as against a 78 per cent. increase in the official cost of living figures. Then there was the mortgage interest on the house they had bought on endowment policies on their return from abroad in 1970 and which *they had extended in 1972*. This had doubled. And the children's school fees had gone up by even more. The silver he had bought as an investment on his home leaves in the 1960s had now gone. And so had the life policy which he had taken out while on National Service and which had matured last year, all £1,200 of it. They had cut out going abroad for their holidays: last year they borrowed a boat on the Great Ouse for two weeks. Yet, try how he would, his overdraft kept on inching up.

Public sector

Now all they could see was an extra £208, by courtesy of the TUC. Net that would be another £8 a month, and probably even less after that new tax on company cars which Frank was still intending to find out about. Yet without the Rover 2000, how was he, based in Luton, expected to reach the factory at Walsall and the Group head office in London. As far as he could see, too, the stock option which he had been given just before the market peaked out, would remain a dead loss. But it was not all the nonsense talked about businessmen's perks that Frank minded. Nor, like some of his colleagues, was he upset about the pay increases in the public sector and the fact that regular increments were still being paid there and by some companies. What had finally forced him to put family interests ahead of any feeling of loyalty to the Group—and the distinct possibility of reaching the main board in his late 40s if he stayed—was the sheer impossibility of getting by on a declining real net income coupled with the disheartening way in which successive "progressive" pay restraint policies were now beginning to break up the team that he had laboured so hard to groom. It was all very well Mr. Healey expressing sympathy, but he'd done damn all to follow it up.

Big squeeze

This year the division's turnover would reach £2½m. and of that £1.6m. would come from exports, a five-fold increase since he joined them as export manager. His division was the only one to have exceeded its budgeted profit three years running and during the big squeeze 18 months ago its cash flow had kept two others going. Now, with orders flooding in from the Middle East and the Japanese market just opening up, two more of the best men on the export side had left and, before Peter B—, Malcolm S— had gone. Frank had been looking for suitable replacements but it was Group policy not to break *the spirit of the pay "code"*—and thus the Group salary structure—by taking on the applicants Frank had wanted at the market rate. If that was the way things were, then he would trade up too.

Healey calls for investment to support pay policy

BY PETER HENNESSY IN LONDON AND RAY PERMAN IN EDINBURGH

MR. DENIS HEALEY, Chancellor of the Exchequer, said last night that working people had shown their patriotism through the 4½ per cent. pay agreement this week between the Government and the TUC. It was now up to industry to show a similar *spirit by undertaking new investment*.

Speaking at Musselburgh at the annual dinner of Edinburgh East Labour Party, the Chancellor said: "With the CBI predicting only 4 per cent. inflation by the end of next year, there is *no excuse whatever for its members* hanging back on investment. The demand for British goods is now guaranteed. If we are to take full advantage of the world recovery we need that new investment now."

Inflation would be beaten *within 18 months. Mr. Healey* predicted, with beneficial effects on trade, jobs and standards of living. The agreement had been *greeted around the world* and welcomed in Britain by all except the tiny minority at both extremes who saw national disaster as a political advantage.

Earlier Mr. Healey met members of the General Council of the Scottish TUC in Edinburgh. After this meeting he said he looked forward to the return of free collective bargaining within the framework of long-term co-operation between Labour Governments and trade unions on the Scandinavian *pattern*.

"The price of freedom is responsibility," he said, "and I hope we can return to free collective bargaining. But it will be within the framework of an understanding of the nation's needs, such as you have in Norway, Austria and *Sweden, where long periods of* co-operation between a Labour Government and the trade union movements have produced a *natural consensus which enables* wage bargaining to take place freely without wrecking the nation's economy."

The Chancellor was unperturbed by the Welsh miners' rejection of the new pay policy and the almost inevitable decision to do the same by the militant Scottish miners at their conference next month. He was confident that the majority in favour of the policy at the special TUC on June 16 would be larger than for the £6 agreement last year. He predicted that the pound would strengthen as individual holders of sterling, who did not follow events as closely as world leaders, gained confidence.

The only alternative to unity within the Labour movement was *to "throw power to the most* reactionary Conservative administration we shall have known this century."

Mr. Jeremy Thorpe, the Liberal Leader, called last night for Mrs. Margaret Thatcher, Leader of the Tory Opposition, to join him in supporting the Government's pay policy, as it was "all that lay between Britain and bankruptcy."

At a Liberal Party dinner at Ely, he said: "I appreciate that her party has genuine differences on the merits of incomes policy, but for the good of the country I ask her to end her equivocation and come out firmly for this policy."

Mr. Thorpe added that the pay deal was a "major achievement," but he questioned whether a 4½ per cent. norm would prevent the further depreciation of sterling. He was concerned too *that middle-range salary earners* and small businessmen would be hit particularly hard by pay restraint.

Bank makes check to plug exchange control loophole

BY MICHAEL BLANDEN AND CHRISTOPHER DUNN

AS PART of an exercise to tighten supervision of the exchange control regulations, one of the big banks is carrying out a check *on the nature of* customers' accounts.

The move follows recent evidence of growing evasion of the exchange control rules and strong reminders by the authorities of the responsibilities of the banks. These have included the recent notice by the Bank of England stressing the duties of authorised depositaries — which include banks, stockbrokers and solicitors —and asking them to watch out for unusual deals in investment currency.

One banker *said yesterday* that about a year ago the growing concern over evasion of the regulations was reflected in an official request to the banks not to deal in foreign exchange with a large list of companies. These, it was suggested, were being used *as channels for moving funds* illegally out of the country.

The check on customers' accounts is being made to ensure that these are properly designated. Under exchange control rules, an individual is either a U.K. resident or a non-resident. But the banks say that through oversight there have been cases where it has been possible for a customer to maintain both internal and external accounts.

This, they say, has provided opportunities for unscrupulous customers to take advantage of *the system in order to gain un*warranted benefit from the investment currency premium.

The premium, available to U.K. residents on holdings of foreign currency securities, has been one of the central attractions for evading the rules. *Bankers state* that in cases where both internal and external accounts have been held, it has been possible for securities bought externally without paying the premium to be transferred and sold with the benefit of the premium in the U.K.

Bankers also report that the Bank of England's attention has been drawn to the problem of drafts in foreign currency being presented to branches, apparently certified as being investment currency. This in some *cases has taken the form simply* of the drafts being stamped with the words "investment currency."

If accepted as such, drafts of this kind would enable the holder to gain the benefit of the investment currency premium—now about 57 per cent. above the official sterling exchange rate—without having paid it in the first place.

Banks point out that methods of these kinds are strictly against the rules, and should be detected by the supervisory system. But *they accept that* in a number of cases the inexperience or oversight of bank branch staffs has allowed evasion along these lines to succeed. In some cases, it is suggested, people attempting to break the rules have sought out smaller and less alert branches which are unlikely to have very extensive experience of foreign exchange dealings.

The banks report that attempts to avoid the exchange control regulations have apparently increased in recent years. They accept that the diffuse nature of the supervisory function has enabled evasion to take place. The Bank of England delegates certain authorities under the Exchange Control Act to some 37,000 authorised depositaries which have the power to certify whether a security should attract the currency premium.

It is also pointed out, however, that instances of these kinds are unlikely to have involved any very substantial individual transactions or any concerted and organised attempt to break the rules.

Dewhirst sets aside £14,000 for Board

By Michael Lafferty

I. J. DEWHIRST, the Humberside clothing manufacturers, has set aside over £14,000 in its *latest* accounts for directors' remuneration which cannot be paid under the terms of the Government's pay policy.

This arises because the amounts which the company's directors are entitled to under service agreements exceeds *that which is allowable under* the pay policy. The company intends to pay over the balance when the pay controls are relaxed.

While refusing to comment specifically on the Dewhirst case, a Department of Employment spokesman pointed out that such provisions still represent an improvement in terms of an increase in a company's wage costs, and as such, would appear to contravene at least the spirit of the pay *policy*.

Mr. Allistair J. Dewhirst, the Dewhirst chairman and joint managing director, said: "We have service contracts for our directors and we felt it was not unreasonable to safeguard the salaries to which they would have been entitled in normal circumstances. We were advised that this was a satisfactory way to deal with the matter."

Under the Remuneration, Charges and Grant Act, 1975, companies are not liable for breach of contract where in order to comply with the pay policy, they pay directors or employees less than they are entitled to under any service contracts.

British Rail economies may cut 100 Southern Region stations

BY ARTHUR SMITH, INDUSTRIAL STAFF

NEARLY 100 railway stations in London and the South East could be closed as a result of studies now under way by British Rail.

The stations might be closed if the Government withdraws rail subsidies, according to a confidential report prepared by Mr. Peter Haydon, chief passenger manager at Waterloo.

British Rail said last night that it had asked all regions with services operating within the loss-making London and South-East area to examine the implications of a withdrawal of Government subsidies by 1981.

Southern Region yesterday described the report, London and South East Five Year Rationalisation Plan, as a confidential internal document. It listed stations to be evaluated for possible closure or service withdrawals because the traffic throughput was generally low.

BR said that comprehensive studies were being carried out on the assumption that the maximum realistic increases in fares would be sought over the five-year period.

However, there was "no intention to introduce significant cuts in services within the foreseeable future." The studies would enable the Government to assess the financial and social consequences of alternative courses of action.

The London and South East commuter network, which handles some 43 per cent. of total passenger mileage, is believed to have lost between £50m. and £60m. in the last financial year.

In its recent transport policy consultation document, the Government said that only a handful of services were underused to the point where closure was conceivable, and resultant savings would be small. The vast majority of services were "indispensable to the life of London and the surrounding area."

The Government accepts that some savings can be made by service reductions and manpower economies, but places greater emphasis upon higher fares and encouraging commuters to use public transport. The car owner is to be discouraged by increased traffic restrictions and higher parking charges.

The consultation document says there will have to be "considerable increases in passenger fares," but points out that inner-suburban services, such as those to Bromley or Ilford, have no prospect of achieving viability.

However, it suggests that outer suburban services, such as those to Brighton and Tonbridge Wells, should aim to break even by 1981.

Continued from Page 1

Opposition

little impact in urban areas in the South where the bulk of Welsh seats are concentrated.

Plaid also became the largest single party, but without overall control, in the Rhymney Valley where they took 15 seats from Labour.

At Lincoln, Mr. Dick Taverne's Democratic Labour Party retained control, and at Blyth Valley, supporters of another former Labour MP who fell out with his local party, Mr. Eddie Milne, won nine seats under the Independent Labour Party banner.

The protracted rebellion of Labour councillors at Clay Cross in Derbyshire against the Conservative's Housing Finance Act led to the defeat of all six official Labour candidates by a Ratepayers' group in the contest for the North East Derbyshire Council.

Victorious Conservatives said cuts in local government spending would be their first priority. Municipal trading would be ended and the sale of council houses resumed. Much as they would like to, few Conservative local authorities will be able to reverse the trend towards comprehensive education

Telegraph journalists stop work

By Alan Pike, Labour Staff

DAILY TELEGRAPH journalists in London *last night stopped* work in support of Manchester colleagues suspended in a dispute over duty rotas.

Their strike action, taken with the support of the National Union of Journalists' national officers, came after the London chapel (office section) had been addressed by Mr. Ken Morgan, the general secretary.

Work stopped in London after the management had failed to respond to a demand from the chapel that the Manchester suspensions *should be withdrawn* and the journalists paid for the period of their suspension since Thursday.

After the vote chapel officials began discussions with representatives of other unions in an *attempt to prevent the news*paper appearing. The strike action also involves National Union of Journalists members due to work to-day to produce the Sunday Telegraph.

Continued from Page 1

Lira

deposits scheme also covers contracts already signed with Italian importers.

Meanwhile, another act of arson has caused substantial damage to the Fiat Mirafiori car plant in Turin and the company has set aside 100m. lire (£63,000) for information leading to arrest of those responsible.

The company clearly suspects that workers belonging to extremist Left or Right-wing groups are responsible.

The presence of such groups within the factory was demonstrated yesterday when Sig. Bruno Trentin, secretary of the engineering workers' union, FLM, was cat-called and jostled while explaining the terms of the recent labour contract agreement which has, however, been *accepted by the vast* majority of workers.

Fiat workers, in agreement with management, are setting up surveillance of the plant with special squads of vigilantes led by Fiat foremen.

On the political front, the *Socialist Party* has been embarrassed by the resignation and subsequent arrest of the Socialist president of the Liguria region, Sig. Paolo Macchiavelli, accused of corruption

Weather

U.K. TO-DAY

Mainly dry, sunny. Light rain in N.

London, Midlands, Channel Is., S. Wales, E., S. and Cent. N. Eng.
Sunny after early mist, dry. Wind variable or E. Max. 19-21C (66-70F).

N. Wales, N. England, Lakes, Is. of Man, S.W. Scotland
Bright intervals, dry. Cloudy later. Wind W. Max. 16C (61F).

N. England, Borders, Edinburgh, Dundee, Aberdeen Areas,

Highlands, Moray Firth area, N.E. Scotland, Orkney, Shetland
Mainly sunny, dry. Cloudy later. Wind variable or S.W. Max. 11-13C (52-55F).

Argyll, N.W. Scotland, N. Ireland
Bright, becoming cloudy with light rain or drizzle. Wind S.W. Max. 13C (55F).

Outlook: Warm in the south, changeable in N.

Lighting-up: London 21.04, Manchester 21.20, Glasgow 21.38, Belfast 21.40.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstdam	S	26	79	Luxemb'g	S	26	79
Athens	S	23	73	Madrid	S	21	70
Barcelona	S	21	70	Manchester	F	21	70
Belfast	C	13	55	Melbourne	Dr	13	55
Belgrade	S	24	75	Montreal	C	0	32
Berlin	F	18	64	Moscow	C	8	46
B'ham	S	18	64	Munich	S	23	73
Bristol	S	19	66	Newcastle	F	15	59
Brussels	S	28	82	New York	C	20	68
B. Aires	C	17	63	Oslo	S	15	59
Cairo	S	38	100	Paris	S	28	82
Cardiff	S	20	68	Perth	F	24	75
Cologne	S	27	81	Rio De J'o	S	28	82
C'hagen	S	12	54	Rome	C	19	66
Dublin	C	14	57	Singapore	R	30	86
Edinburgh	C	12	54	Stockholm	F	14	57
Geneva	S	24	75	Sydney	F	24	75
Glasgow	C	12	54	Tehran	S	24	75
Hong Kong	C	24	75	Tokyo	S	19	66
Jo'burg	C	22	72	Toronto	C	3	37
Lisbon	C	28	86	Vienna	S	24	75
London	S	25	77				

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Biarritz	F	24	75	Jersey	S	23	73
Blackpool	F	20	68	L. Palmas	S	20	68
Bordeaux	S	25	77	Majorca	S	24	75
Cape Town	S	21	70	Malaga	C	20	68
Florence	F	25	77	Malta	F	20	68
Funchal				Nairobi	S	25	77
Gibraltar	R	16	61	Naples	F	22	72
Guernsey	S	20	68	Nassau	S	27	81
Innsbruck	S	25	77	Nice	F	20	68
Inverness	F	17	63	Venice	S	25	77

S—Sunny. F—Fair. C—Cloudy. R—Rain. Dr—Drizzle.

THE LEX COLUMN

Equities, gilts and inflation

To the casual investor the equity market's reaction this week to the wages settlement may seem perverse. Inflationary expectations seem to have been revised downwards following the agreement, to judge by the reaction in the gilt-edged market, and if it can be made to stick there is no doubt that it wil reinforce an already healthy trend in company profits. Yet in contrast to the action in gilts, share prices have drifted steadily downwards since Wednesday morning in a mood of uncertainty and inaction. The number of bargains marked yesterday was the lowest for 18 weeks, and the reverse yield gap has narrowed by more than a quarter of a point this week.

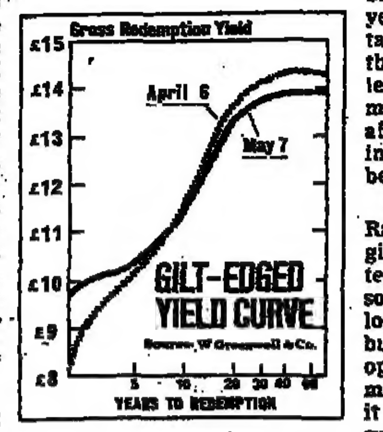
Part of the explanation is that the deal had been well discounted in advance. Immediately before the announcement the 30-Share Index stood at the very top of a trading range which now stretches back over five months; the Index had risen by over 20 points in the preceding seven days' trading. Another constraint has been the impression—which by last night had become quite storng—that something big may be in the offing in the shape of a very large corporate issue of one kind or another. Most of the rumours featured the name of ICI.

Income problem

Above all, equities are being held back by income considerations. Brokers Simon and Coates are projecting that trading profits will rise by 25 per cent. in 1976 and almost certainly by more in *1977* as economic recovery really gets under way. And company news is already having a powerful effect on a few individual share prices, like Sainsbury, for instance, which has bounced up by a quarter this week as a result of its figures. Yet the institutions who are dominating the market cannot see these corporate prospects being properly reflected, in the aggregate, in dividends.

The present reverse yield gap is 8½ per cent. In non-inflationary times company dividends cannot be expected to rise by anything like the amount needed to offset this. During the 1960s, according to calculations by brokers de Zoete and Bevan, dividends on blue chip shares rose by around 5 per cent. compound. In a period of lower

Index fell 2.6 to 415.2



inflation the yield gap is likely to narrow, a process which it is hard to reconcile with buoyant equity prices unless gilts are very firm indeed and companies are allowed a catching-up period for dividends. There *is no sign* of this at present.

This is why the long term institutions have been lukewarm about equities throughout this bull market. The Pru*dential, for instance*, made only tiny net purchases of U.K. equities during 1975. It says that it is prepared to support rights issues on a selective basis—if it likes the particular company or cannot sell its *rights without putting* the success of the issue in jeopardy. Apart from that, it is not very interested.

And the really enthusiastic bulls of equities have to reckon with the Government's attitude to the capital market. First, it wishes to pre-empt most of the available institutional funds for its own funding requirements. Secondly, it wishes to see a steady flow of rights issues. But the present moderate level of market prices has proved to be entirely adequate for this purpose. An equity boom is not necessary to aid capital raising, and it might even prove politically embarrassing in a period *of* tight wage restraint. The authorities have plenty of scope to manipulate the market if they want to, both through dividend controls and the long-rumoured placing of part of the former Burmah holding of BP shares with a current value of £500m. or so.

Of course, inflation is not dead and there is plenty of room for changes in sentiment months ahead. But *moment the interest* is gilt-edged. The Gover broker was in action yesterday, supplying the tap at quarter-point though he may have sold less than the £100m. or mated on Thursday. afternoon, too, some ing was evident and became very quiet.

Since the Minimum La Rate rise a fortnight a gilt-edged yield curve ha tened out considerably. sort of move is consisten lower inflationary expec but it makes a major operation more difficult market is really to get it will require the carro cut in MLR and the pos of that depends entir sterling, which has res disappointingly so far.

Perak Hydro

Up 60p on Thursday the River Hydro-Electric sha rose a further 45p to yesterday where it is line with the national terms proposed by the Ma Government. Tin share also very active for the day running. But Perak is not a yardstick for further state takeover Malaysia: it is plainly som of a special case, and its effectively ran out this ye way. Tin shares are pr more concerned with mentals at the moment; a tin price has risen a fr 5 per cent. this week foll an easing of Malaysian *quotas*.

As for Perak Hydro s holders, the Malaysian au ties appear to be treating fairly. The Malaysian go ment already has effectiv ing control, while the cu *price for the outstanding* e is what it paid recently to the Malaysian holding u around 43 per cent. The p/e is about 27, while Pe last published net worth wa quite 420p. This year's price low was 300p and the trading range was 268p to

Critics of the deal—if t are any—cannot argue the takeover arrangements are concise and easy to interp which *is a lot more than* be said of the present shipbuilding and aircraft tionalisation bill.

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